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Publication Date

2015

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Evading the Patronage Trap
Interest Organizations and Policymaking in Mexico

By

Brian Dale Palmer-Rubin

A dissertation submitted in partial satisfaction of the

requirements for the degree of

Doctor of Philosophy

in

Political Science

in the

Graduate Division

of the

University of California, Berkeley

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Summer 2015

Abstract

Evading the Patronage Trap: Interest Organizations and Policymaking in Mexico

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Professor Ruth Berins Collier, Chair

This study analyzes the participation of Mexican agricultural and small-business organizations in policymaking. Despite the recent focus in the literature on representation of individual citizens—either through party linkages or participatory institutions—the present focus is on the organizations that exist to represent collective interests of small-scale farmers and small-business owners. I analyze the factors that lead some of these organizations to lend voice to the sectors that they represent in the programmatic policies that shape sectoral competitiveness, others to focus their efforts on extracting distributive benefits from the state, and others to be excluded from policymaking processes entirely. While existing research stresses the effect of poverty on demand for patronage, I identify two factors—*membership conditions* and *electoral competition*—that can supersede class pressures, permitting organizations to evade clientelistic linkages with political parties and garner effective policy voice.

First, the ability of organizations to independently recruit, retain and mobilize members frees organizations from pressure to enter into dependent linkages with political parties. While such linkages offer particularistic benefits that organization leaders can repurpose as selective benefits to spur member participation, they route organizations into *the patronage trap*, a self-reproducing cycle in which organizations become specialized for distributive demand making. These linkages convert leaders into electoral brokers and force organizations to forgo protest, lobbying, and other forms of political participation in favor of electoral mobilization, making them ill suited for programmatic demand making. I develop this argument using case studies of economic interest organizations in three Mexican states. Survey analysis of organizations in all Mexican states confirms that independent resource flows and the capacity to generate selective benefits—indicators of member recruitment capacity—are positively associated with organizations' breadth of mobilization strategies and ability to levy programmatic policy demands.

Second, I show that the dynamics of electoral competition help explain the degree to which ruling politicians incorporate organizations into the programmatic and distributive policymaking arenas. In the presence of electoral competition, interest organizations can credibly threaten to support an opposition party if the ruling party fails to respond to their policy demands. Thus, electoral competition has two effects on organizational participation: First, it

affords organizations leverage to pressure politicians for access to the exclusive programmatic policy arena, when state actors may otherwise prefer to limit organizational participation to the distributive arena. Second, competition incentivizes ruling politicians to incorporate organizations from their non-core constituencies (such as peasant organizations for a right-wing party or business organizations for a left-wing party) into policymaking. I build this theory through case studies of state governments under the control of three different political parties with different relationships to peasant and small-business organizations. I then test the argument in the distributive realm with an analysis of distribution data for state-level small-business subsidies across all 32 Mexican states, allowing me to exploit subnational variation in ruling parties and electoral competition.

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Acronyms and Abbreviations

ANEC	Asociación Nacional de Empresas Comercializadoras de Productores del Campo (National Association of Commercializing Firms of Rural Producers)
ANIT	Asociación Nacional de Industriales de Transformación (National Association of Manufacturing Industrialists)
CAJ	Consejo Agropecuario de Jalisco (Jalisco Agricultural Council)
CANACINTRA	Cámara Nacional de la Industria de Transformación (National Chamber of the Manufacturing Industry)
CANACO	Cámara Nacional de Comercio (National Chamber of Commerce)
CANACOPE	Cámara Nacional de Comercio en Pequeño (National Chamber of Small Commerce)
CAREINTRA	Cámara Regional de la Industria de Transformación del Estado de Jalisco (Regional Chamber of the Manufacturing Industry of the State of Jalisco)
CCC	Central Campesina Cardenista (Cardenista Peasant Central)
CCE	Consejo Coordinador Empresarial (Business Coordinating Council)
CCI	Central Campesina Independiente (Independent Peasant Central)
CESJAL	Consejo Económico y Social del Estado de Jalisco para el Desarrollo y la Competitividad (Social Council of the State of Jalisco for Development and Competitiveness)
CIOAC	Central Independiente de Obreros and Campesinos (Independent Workers and Peasants Central)
CMHN	Consejo Mexicano de Hombres de Negocios (Mexican Council of Businessmen)
CNA	Consejo Nacional Agropecuario (National Agricultural Council)
CNC	Confederación Nacional Campesina (National Peasant Confederation)
CNG	Confederación Nacional Ganadera (National Ranchers' Confederation)

CNPA	Confederación Nacional Plan de Ayala (National Confederation “Plan de Ayala”)
COCOCAM	Consejo Consultivo de Organizaciones Campesinas de Michoacán (Consultative Council of Michoacán Peasant Organizations)
COECE	Coordinadora Empresarial de Comercio Exterior (Business Coordinator for Foreign Trade)
COMAGRO	Comercializadora Agropecuaria de Occidente (Agricultural Commercializing Organization of the West)
CONASUPO	Compañía Nacional de Subsistencias Populares (National Company of Popular Subsistence)
CONCAMIN	Confederación de Cámaras Industriales de los Estados Unidos Mexicanos (Confederation of Industrial Chambers of the United Mexican States)
CONCANACO	Confederación de Cámaras Nacionales de Comercio (Confederation of the National Chambers of Commerce)
COPARMEX	Confederación Patronal de la República Mexicana (Patronal Confederation of the Mexican Republic)
Fondo PyME	Fondo de Apoyo para la Micro, Pequeña y Mediana Empresa (Support Fund for Micro, Small, and Medium Firms)
PAN	Partido Acción Nacional (National Action Party)
PRD	Partido de la Revolución Democrática (Party of the Democratic Revolution)
PRI	Partido de la Revolución Institucional (Institutional Revolutionary Party)
PROCAMPO	Programa de Apoyos Directos al Campo (Program for Direct Payments to the Countryside)
PROCEDE	Programa de Certificación de Derechos Ejidales y Titulación de Solares Urbanos (Program for Certification of Ejido Land Rights and the Titling of Urban House Plots)
PROGRESA	Programa de Educación, Salud y Alimentación (Program for Education, Health, and Nutrition)
PRONASOL	Programa Nacional de Solidaridad (National Solidarity Program)

REDCCAM	Red de Empresas Comercializadoras Campesinas de Michoacán (Network of Peasant Commercializing Firms of Michoacán)
SAGARPA	Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (Ministry of Agriculture, Ranching, Rural Development, Fishing, and Food)
SE	Secretaría de Economía (Ministry of the Economy)
SEDECO	Secretaría de Desarrollo Económico de Estado de México/Michoacán (Ministry of Economic Development of Estado de México/Michoacán)
SEDESOL	Secretaría de Desarrollo Social (Ministry of Social Development)
SEDER	Secretaría de Desarrollo Rural del Estado de México/Jalisco (Ministry of Rural Development of Estado de México/Jalisco)
SEDRU	Secretaría de Desarrollo Rural de Michoacán (Ministry of Rural Development of Michoacán)
SEPROE	Secretaría de Promoción Económica de Jalisco (Ministry of Economic Promotion of Jalisco)
SIEM	Sistema de Información Empresarial Mexicana (Mexican Business Information System)
UCD	Unión Campesina Democrática (Democratic Peasant Union)
UGOCM	Unión General de Obreros y Campesinos de México (General Union of Workers and Peasants of Mexico)
UNORCA	Unión Nacional de Organizaciones Regionales Campesinas Autónomas (National Union of Regional Autonomous Peasant Organizations)

Acknowledgements

It's surprising how many people it takes to write a dissertation and I have been fortunate work with an all-star team. My intellectual venture at Berkeley has been shaped at every step by my mentors, Ruth Berins Collier and David Collier. Ruth has been an adviser extraordinaire, dedicating vast amounts of time to talking through my argument, commenting on my writing, and marveling with me over Mexican politics. I began graduate school with an interest in understanding the ways that marginalized populations organize to wield political influence. Ruth taught me that this was popular-sector interest representation and guided me as I figured out what I wanted to say about it. David encouraged me to pursue answers to important questions in the social and political world and taught me to express my ideas in ways that have resonance. He also pushed me to engage in intellectual communities by collaborating on research, presenting at conferences, and reaching out to scholars.

The other professors on my dissertation committee struck the difficult balance between constructive criticism and encouragement. Paul Pierson, who has a knack for making those little comments that lead to "aha!" moments, helped me see parallels between the structures of interest representation in Latin America and in the United States. Dylan Riley guided me in my interpretation and application of theoretical texts. And Jason Wittenberg was a source of wisdom for issues ranging from argumentation to model specification. This project has also benefitted from useful comments and discussions with several other faculty members at Berkeley, including Leo Arriola, Alison Post, Steve Vogel, and Nick Ziegler. Harley Shaiken and the team at the Center for Latin American Studies have created an extraordinary community of scholars and involved me in opportunities that stoked my passion for Mexican politics, not least of which was the chance to teach a course with Cuauhtémoc Cárdenas. I would like to thank Ing. Cárdenas for generously sharing his time and insights with a green doctoral student, for pointing me to the really puzzling questions in Mexican party politics, and for introducing me to a number of useful interview subjects.

At Berkeley, I have been privileged to know a gaggle of talented Latin Americanists who have sustained a community that values intellectual rigor and compassion in equal measure. Among those that have offered guidance, feedback and friendship are Ben Allen, Tomas Bril, Tara Buss, Chris Chambers-Ju, Adam Cohon, Tasha Fairfield, Hernan Flom, Candelaria Garay, Eugenia Giraudy, Sam Handlin, Veronica Herrera, Danny Hidalgo, Diana Kapiszewski, Ben Lessing, Lindsay Mayka, Simeon Nichter, Lucas Novaes, Mathias Poertner, Jessica Rich, Andres Schipani, and Coach Walker. I may never have finished this dissertation if it were not for my writing companions over the past couple of years, Sara Chatfield, Nina Kelsey, Dan Mattingly, Akasemi Newsome, and Suzanne Scoggins. I owe a particular debt of gratitude to Ali Bond, who introduced our department to the wonders of peer accountability. I thank my roommate Ben Krupicka for sharing in sports-fan camaraderie and in finding creative ways to use all the root vegetables in the CSA box.

Outside of Berkeley, several scholars have shared contacts, given advice, or commented on portions of this dissertation, including Maria Lorena Cook, Ken Greene, Anirudh Krishna, Brian Min, Ken Shadlen, and Deborah Yashar. Jonathan Fox has been a role model since before I began doctoral studies. More than any other scholar I know, Jonathan's research agenda is

driven by his commitment to justice and he has set an example of how to find synergy between research and advocacy.

The field research for this project would not have been possible without grants from the Social Science Research Council and the Inter-American Foundation and the writing phase was facilitated, both intellectually and financially, by a visiting fellowship at the Center for US-Mexican Studies at UCSD.

Two great friends, Janice Gallagher and Libby Haight made field research in Mexico City infinitely more feasible and enjoyable, both through their companionship and by putting roofs over my head. Janice was my roommate, sounding board, confidante, and the DJ on my Xochimilco birthday gondola. Libby has been a friend and mentor since she first invited me to work as a research assistant coding access-to-information responses in 2007. In the ensuing years, Libby has taught me a great deal about transparency and rural development policy and introduced me to others like her, whose drive to make things better in Mexico inspired this study.

In Mexico City, several people kindly helped me with field research. I would like to thank Carlos Alba, Isabel García, Tim Kessler, Matilde Luna, Juan Pardinás, and Emiliano Shea. The fabulous faculty at CIDE—especially Rosario Aguilar, Juan Fernando Ibarra, María Inclán, and Joy Langston—provided useful feedback and advice in the midst of field research. Fundar was an ideal place for an institutional affiliation, offering a congenial community of committed activists and researchers. At Fundar, I would like to thank Cécile Lachenal, Miguel Pulido, Héctor Robles, Ana Joaquina Ruiz, and Renata Terrazas.

Several people helped me with fieldwork *en provincia*. In Michoacán, I would like to thank Enrique Bautista and Héctor Chávez and in Jalisco, Clemente Castañeda, Mario Hueso, Carlos Moreno, and Alfonso Hernández, who introduced me to the most valuable contact of them all. In Estado de México, I thank the Pinzon Kuhn family for their hospitality.

I am grateful to leaders of several organizations for opening their doors to an outsider and for sharing so openly about their activities. In particular, Omar Lando at RedCCAM, Adán Rivera at ANIT, Marco Rodríguez at COCOCAM, Miguel Ángel Rodríguez at CCC-Jalisco, Claudia Serrano at Coparmex-Toluca, and Ana Isabel Solís at CANACO-Guadalajara generously invited me to conduct extended case studies of their organizations. The survey was made possible by the kind support of personnel at six confederation headquarters in Mexico City: Ivan Polanco and Víctor Suárez at ANEC, Santiago Domínguez at CCC, Víctor Manuel Gandarilla at the CNC, Marco Antonio Lara at CANACINTRA, Pedro Pérez at CONCANACO, and Liliana Barrera at COPARMEX. The members of these organizations are too numerous to name, but I have for them the highest gratitude and respect. While I observed organizational dysfunction at times, I was always inspired by the optimism, ingenuity, and civic mindedness in organization members.

I have been lucky to have the help of several talented research assistants. José Manuel de Alba, Kary Chávez, and Daniel Isita turned government data and survey questionnaires into useable datasets. And Radamanto Portillo turned out perfect transcriptions of my interviews on short notice.

The biggest thanks go to my family for their love and support over the years. When I embarked on this dissertation, my brother had just gotten married. Now as I conclude it, I have a wonderful 18-month-old nephew and I am recently married myself. It's funny how quickly life moves relative to academic research. This year, I have had the chance to spend more time with my parents, Lori Palmer and Jay Rubin and my brother, Aaron Palmer-Rubin. This time has

reminded me that my family has made me into the person that I am, and for that I am grateful. Thanks to my dad for being my homebrew companion and taking me on bike rides, to my mom for the gourmet meals and cheerleading, and to Aaron for reminding me that no matter how many graduate degrees I get, I'll always be a little brother. I also thank the Unda Gutiérrez family—Tere, Sigi, Beto, and Paulo—for welcoming me so warmly into the family, even though I am a Pumas fan.

Finally, Moniquita has been the greatest reward that I have taken from my time in Mexico. I thank her for her patience with my travel schedule, for introducing me to a side of Mexico that I never knew before, and for her love. It is to her that I dedicate this dissertation.

Chapter 1: A Framework for Analyzing Non-Elite Interests and Policymaking

I. Introduction

The participation of economic interest organizations in policymaking is of central importance for economic outcomes and the quality of representation. In modern democracies, organizations representing business, labor, and other economic actors vary markedly in the degree to which they have voice in the programmatic policies that affect their sectors and in the distributive benefits that they extract from the state. However, studies that analyze political representation in the programmatic and distributive arenas in transitional democracies have focused on the factors that lead to either programmatic or clientelistic linkages between political parties and *individual voters*. This literature typically offers regime and party-system variables, such as bureaucratic professionalization, electoral institutions, and electoral competition to explain different linkage outcomes (Epstein 2009; Kitschelt 2000; Piattoni 2001; Shefter 1977). To the extent that such studies address social-level variables, they focus on social class, arguing that the poor are more prone to enter into clientelistic linkages because they enjoy a higher marginal utility from distributive goods than do upper-income groups (Calvo and Murillo 2004, 744–745; Stokes et al. 2013, 158–171). In contrast, I argue that organizational policy participation is largely shaped by the policy preferences and capacity for demand making of the organizations themselves. I deploy this argument in an analysis of agricultural and small-business organizations in Mexico.

This project heralds a return to the study of interest organizations after a period of relative neglect. Classic studies of both established democracies and Latin America paid close attention to the ties between organized economic interests and the state, and the policy repercussions of these relationships.¹ Research on European and Latin American political economies was once preoccupied with the phenomenon of corporatism, a mode of interest representation featuring complex ties between economic interest organizations and state actors (Berger 1983; Collier and Collier 1991; Katzenstein 1987; Lehmbruch and Schmitter 1982).² In Latin America, the democratic transition and the adoption of market-led growth models eroded corporatism, giving way to a proliferation of new types of organizations, which are more decentralized, diverse, and autonomous from the state. However, literature on political representation in the region has neglected these organized interests, instead concentrating on political parties' linkages to *individual voters* (Golden and Min 2013; Kitschelt and Wilkinson 2007), which is curious given that voting is an incredibly blunt instrument for effecting policy change compared with organizational activity.

¹ Prior to the “behavioral revolution” in studies of US politics, analyses of organized groups and policymaking constituted the core of the discipline. See, for example, Dahl (1982), Key (1942), Lindblom (1977), Lipset et al. (1956), Schattschneider (1935). More recent work on American politics has chronicled an increase in the political power of organized economic interests, particularly elites, and the repercussions of this trend for inequality (Bartels 2009; Baumgartner et al. 2009; Gilens 2012; Grossmann 2012; Hacker and Pierson 2002).

² Schmitter (1974, 93–94) defines corporatism as “a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.”

While important studies have addressed fundamental aspects of this new “interest arena” (Collier and Handlin 2009, 8–16), we still lack a theory to explain the routine policy participation of interest organizations during the post-transition period. Several scholars have analyzed the political power wielded by organized economic interests in specific episodes of reform, such as labor policy (Burgess 2004; Cook 2007; Murillo 2001), tax policy (Fairfield 2015), and social policy (Garay 2010; Pribble 2013). On the other hand, perhaps the most abundant areas of research on state-society relations in transitional democracies have excluded economic interest organizations entirely. Prominent literatures address novel forms of urban organization and participatory governance structures (Baiocchi, Heller, and Silva 2011; Fung and Wright 2003; Goldfrank 2012); the devolution of service provision from the state to NGOs and other “non-state social actors” (Auerbach 2014; Brass 2012; Cammett 2011; Cammett and MacLean 2014; Thachil 2014); and the emergence of movements and organizations representing ethnic groups, particularly Latin America’s indigenous (Eisenstadt 2011; Jung 2008; Van Cott 2007; Yashar 2005). In sum, while studies of post-neoliberal policymaking often employ interest organizations as a variable to explain specific policy outcomes, consider innovative institutions for participation, or analyze individual behavior in the electoral arena, recent scholarship offers little guidance to understand how established interest organizations become more or less effective vehicles for making demands on behalf of the populations that they purport to represent.

This is an urgent area of study because while interest organizations have the potential to bolster social representation in policymaking, they quite often instead are excluded, coopted, or unprepared to engage in demand making. As the vast literature on civil society and development claims, the contributions that organized interests can make to policymaking are numerous (Fukuyama 2001; Putnam, Leonardi, and Nanetti 1994; Rodrik 2000; Woolcock and Narayan 2000).³ Through consultation with policymakers and bureaucrats, organizations can help tailor policy design and implementation to the needs of the populations that they are meant to benefit. By disseminating information about policies, organizations can generate societal buy-in for development goals. In their capacity as watchdogs, organizations can monitor government spending and denounce corruption or waste through the media or protest. On the other hand, organizational participation in policy often goes awry, as groups abandoning these goals in pursuit of particularistic benefits such as clientelist handouts, patronage jobs, and non-competitive government contracts or to further the electoral careers of their leaders.

The policy participation of *non-elite interest organizations*, such as labor unions, peasant groups, and small-business organizations, has the added promise of countering the prevailing class-based imbalance in representation in economic policy. Transitions from populist to technocratic modes of policymaking in Latin America and elsewhere were intended to place policymaking authority in the hands of experts that were insulated from special-interest pressure (Centeno and Silva 1998; Dargent 2014). This shift was accompanied, or perhaps facilitated, by the late 20th century decline of class-based organizations, wrought by the transition in economic models and party structures. Nonetheless, interest organizations persist, and find that technocratic states are less responsive to their demands than their populist predecessors.

³ These studies discuss two types of organizations, what may be called “vested interest organizations” (e.g. a labor union) and “public interest organizations” (e.g. an environmental NGO). The focus of the present study is the former, which are significantly more prevalent, both in number and in membership, and have a much more extensive history of political influence. I thank Ruth Berins Collier for these terms.

Resultantly, non-elite interests' influence in policymaking waned. Yet corporations and the upper classes continue to enjoy privileged influence in economic policy, through *de facto* "structural power" and overt "instrumental power," which has proven more difficult to expunge.⁴ Where non-elite groups find a way to garner effective voice in economic policy they *can* counteract this class distortion. On the other hand, when these organizations' participation in policymaking is geared toward rent-seeking, leaders are coopted, and organizations are controlled from above through repression or clientelism, organizational engagement with the state can have the perverse result of silencing popular-sector voices that may otherwise have been heard through contentious mobilization.

In short, the only appropriate response to the question of whether the participation of non-elite interests in policymaking is desirable is another question: *What kind of participation?* In the literatures on development, civil society, and participatory governance, we encounter various names for the desirable variant of policy participation, including "state-society synergy" (Evans 1996), "coproduction" (Ostrom 1996), and "mobilized democracy" (Baiocchi, Heller, and Silva 2011, 35–38). From these models, several traits can be extracted that make for effective representation. First, the participation of social groups should operate on behalf of a common good. That is, the social actors that are involved in policymaking do not do so solely to reap particularistic benefits, but rather to produce regulatory policies, guide public spending, and otherwise influence policy in a way that generates *non-exclusive benefits*. Second, these models compel a *balance of power* between state and social actors. State and societal actors work as partners on policy initiatives, both retaining autonomy in their respective realms. Social actors are not controlled from above or co-opted, nor do they control state actors, inhibiting governability. Third, participatory structures are formally vested in bureaucratic institutions designed to ensure *equal access* to different sectors of society rather than being subject to patronage or cronyism.

It is the goal of this project to understand the conditions under which the participation of organized interests in policymaking takes on these more desirable characteristics. This undertaking entails addressing two questions. First, given that individual economic actors (i.e. farmers and business owners) have interests that correspond to both distributive and programmatic policies, *how do the organizations that represent these actors filter these interests into sets of demands for policymaking?* While interest groups quite often face pressures from their members to extract particularistic benefits from the state, the degree to which an organization represents its base in policymaking is shaped by its ability to extend beyond shortsighted patronage extraction and engage in programmatic demand making. Second, given the types of demands that organizations settle on, *how are these demands translated into participation in policymaking processes?* Regardless of how the organization positions itself in the policy arena, its ability to participate in policymaking is determined by the actions that state and party actors take to incorporate organizations in policymaking processes.

⁴ On structural and instrumental power, see: Block (1977), Fairfield (2015), Hacker and Pierson (2002), and Lindblom (1982). On the privileged access of business in Latin American "hierarchical capitalism," see Schneider (2013).

II. Conceptualizing the Dependent Variable: The Policy Participation of Non-Elite Economic Interest Organizations

I compare organizations that represent two sizeable economic sectors in Mexico—small-scale agriculture and small firms—to explain variations in these organizations’ policy participation. In Mexico, these two sectors contain the largest and most prominent representatives of *non-elite economic interest organizations*, organizations that are defined by three criteria: (1) they represent non-elite populations; (2) their demands are primarily economic in nature; and (3) they are formally constituted organizations with defined leadership structures and membership rules.

My overarching goal is to elucidate the factors that determine the type and degree of participation of these organizations in two policy areas: distributive and programmatic, which vary in the degree to which the goods that they generate can be disaggregated. As shown in Table 1, the *distributive* policy area concerns the discretionary allocation of excludable goods, such as subsidies and certain social programs. These tend to be programs that are targeted to individual beneficiaries or small groups who enjoy short-term economic benefits, often with little impact on their long-term profitability or on development outcomes. Through formal or informal channels, interest organizations can play a central mediating role in the distribution of such programs by navigating bureaucratic channels, or negotiating on behalf of their members for greater benefits. This type of assistance often constitutes a selective incentive that organizations use to recruit members and sustain their participation. The *programmatic* policy area concerns non-excludable policies, such as infrastructure investments, regulation, and the adoption of sectoral support programs. These are policies that stand to benefit the members of a given organization, but only insofar as they benefit an entire class of economic actors, such as all small-scale corn farmers or car dealerships. Such policies potentially have a fundamental impact on long-term development outcomes, but offer less tangible benefits to organizations, since they are non-excludable and thus can be enjoyed by free riders. However, organizations may reap gains in prestige as a result of positioning themselves as important voices in programmatic policy.

Table 1: Distributive and Programmatic Policies

	<i>Types of Policies</i>	<i>Benefits to Individuals</i>	<i>Benefits to Organization</i>	<i>Economic Consequences</i>
<i>Distributive Policy</i>	Discretionary subsidies, social policy allocation	Excludable	Selective benefits	Short-term
<i>Programmatic Policy</i>	Infrastructure, regulation, social program adoption	Non-excludable	Prestige	Long-term

My distinction contrasts with pre-existing but related typologies of policies, goods, and linkages. Lowi’s (1964) typology of *policy areas* distinguishes between distributive, regulatory,

and redistributive policies, which differ in the degree to which they generate conflict among societal groups. While the distributive category overlaps with distributive policies in my analysis, a key distinction is that I only classify as distributive those policies whose benefits can be restricted to a defined beneficiary or group.⁵ Under the programmatic category, I include Lowi's regulatory and redistributive policies, but also infrastructure, and the adoption or non-discretionary modification of broad-based distributive programs. My approach comes closest to Kitschelt's (2000, 847–853) typology of party-voter linkages, which distinguishes between programmatic linkages, based on promises of non-excludable policies, and clientelistic linkages, based on the distribution of excludable goods contingent on political support. Like Kitschelt, the distinction in my analysis turns on whether the policy in question is excludable, but I do not build conditionality into the definition.⁶ Thus, what I refer to the distributive policy arena can be either clientelistic (i.e. contingent on political support) or not.

In terms of operationalization of these policy types, a common approach of statistically oriented analyses is to proxy programmatic linkages with public goods provision (schools, security, infrastructure) and clientelistic linkages with private goods (distributive programs). I depart from this approach in two ways. First, in the programmatic category I include not only public goods, but also regulatory policy and the adoption of broad support programs. Second, in the distributive category, I only look at the *discretionary allocation* of distributive programs, which generates benefits that accrue only to the organization and/or its members.

Ultimately, I score the dependent variable by observing the degree to which the organization participates in both policy areas. Thus a simplified version of the scoring can take one of four forms, as shown in Figure 1. In practice, participation in either of these policy areas is the result of both the organization's demand making in that area and actions taken by the state to incorporate the organization in one or both types of policy.

Programmatic participation regards the degree to which the organization takes part in designing and implementing policies that affect its sector, such as regulatory policy, infrastructure, and the adoption of support programs. High programmatic participation involves the delegation of policy design to the organization, which may occur through formal mechanisms that guarantee influential organizational input or through extraordinary informal access to decision makers. Low programmatic participation ranges from complete exclusion of the organization from programmatic policies to consultative participation, wherein the organization is granted space to provide opinions about policy, either through formal institutions such as consultative councils or regular informal contact with policymakers, but the organization's input is unlikely to influence policy outputs.

⁵ An additional difference is that Lowi (1964, 690) asserts that distributive decisions “can be made without regard to limited resources.” The discretionary subsidy and social programs that are accessed by interest organizations in this study, in contrast, come from limited coffers and generate conflict between groups.

⁶ Stokes et al. (2013, 6–18) further disaggregate modes of distributive politics, distinguishing between allocation of benefits that is programmatic (rule-based) or non-programmatic (contingent on political support). The agricultural and small-business subsidies that constitute the bulk of the distributive programs in my analysis fall somewhere in between these two types. They are application-based programs with quite detailed evaluation procedures, but decisions in practice about which projects to fund are typically quite discretionary. This allocation is often motivated by a partisan logic, but is not necessarily contingent on political support.

Figure 1: Modes of Policy Participation

		<i>Distributive Participation</i>	
		<i>Low</i>	<i>High</i>
<i>Programmatic Participation</i>	<i>Low</i>	Exclusion	Distributive Participation
	<i>High</i>	Programmatic Participation	Dual Participation

The degree of programmatic participation is quite difficult to observe. How does one distinguish between meaningful participation and token participation, where the organization is granted a space for participating but no actual say in the policymaking process? I use two strategies to distinguish between high and low programmatic participation: First, I derive clues from qualitative evidence such as in-depth interviews with organization leaders and bureaucrats and observations of organization participation in policymaking. Second, I analyze multiple indicators from a survey of organizations, including the level of bureaucrat or politician with whom the organization communicates (secretary, under-secretary, program director, etc.), the frequency of contact between the organization and the ministry, and the stage in the policy process in which the organization participates (agenda setting, policy design, policy modification, and policy implementation). Participation at higher levels is operationalized as contacting *higher-level* personnel, *more frequently*, and *earlier* in the policy process.

Distributive participation concerns the degree to which the organization is involved in the implementation of distributive programs—that is, the allocation of the benefits that are generated by distributive programs. This is simpler to observe—I do so by measuring the actual share of subsidies or other distributive benefits that the organization receives or manages. In interviews and surveys I ask organization representatives about the frequency with which they have applied to distributive programs and how many have been accepted, and I also analyze data on small-business and agricultural subsidies that mention the organizations that receive or mediate these. High levels of distributive participation may follow a technocratic or clientelistic logic (or both). That is, the organization may receive and manage distributive benefits in a way that aligns with state development goals or discretionarily in exchange for electoral support. Low distributive participation is simply the state of an organization not receiving or controlling distributive benefits, which may be a consequence either of the organization’s not pursuing these benefits or of the state’s refusal to provide them to the organization.

III. Clues in the Literature

Two areas of literature offer clues about how non-elite economic interest organizations engage in demand making and influence programmatic and particularistic policy. First, a literature on distributive politics and clientelism provides a thorough discussion of the factors that draw political parties to pursue electoral strategies based on either programmatic policy appeals or discretionary allocation of distributive goods. However, this literature is geared toward explaining the logic on the party side of these linkages and is built around relationships between parties and individual voters rather than collective actors. A second more diffuse literature on interest representation provides useful theoretical tools to explain the factors that lead organizations to pursue different types of relationships with parties and to pursue mobilization strategies that are more ambitious (i.e. seeking transformative change) or more conservative (i.e. seeking resources that ensure the survival of the organization).

Distributive Politics and Clientelism

Observers of politics in Latin American and other transitional democracies have developed theories to explain patterns in distributive politics, often analyzed under the rubric of party-voter linkages. Such studies, building on Kitschelt's (2000, 847–853) paradigmatic typology, seek to explain when political parties choose to accumulate votes on the basis of *programmatic* or *clientelistic* appeals to voters. According to Kitschelt, parties or candidates that make programmatic appeals “offer packages (programs) of policies that they promise to pursue if elected into office. They compensate voters only indirectly, without selective incentives. Voters experience the redistributive consequences of parties’ policy programs regardless of whether they supported the governing party or parties” (850). In contrast, when parties implement clientelistic linkage strategies, “vote-rich but resource-poor constituencies receive selective material incentives before and after elections in exchange for surrendering their vote. The material goods involved in the exchange range from gifts in kind and entertainment before elections to public housing, welfare awards (e.g., early disability pensions for supporters), and public sector jobs in lower and midlevel administrative positions” (849). The distinction between programmatic and clientelistic linkages bears close resemblance to the two types of policies that I analyze, which I term programmatic and distributive. However, the outcome to be explained in my study is not organizations’ relationships to political parties, but rather the ways in which organizations participate in these two types of policies. Given that relationships between these organizations and political parties certainly influence this outcome, theories of party-voter linkages constitute a useful starting point.

Much attention has been paid to the characteristics of regimes, political parties, and party systems that foster programmatic and particularistic linkages. Shefter (1977) and Piattoni (2001) argue that the relative timing of bureaucratization and the extension of mass suffrage explain whether party systems establish institutions to build and maintain linkages through policy appeals to voters or through clientelist exchange. Epstein (2009) argues that high levels of party-system volatility and fragmentation—such as in Brazil—inhibit the formation of programmatic linkages between parties and voters, therein auguring in favor of clientelism. On the other hand, several scholars have shown that clientelist tactics flourish in the presence of dominant or

machine parties, due to their monopoly over state resources and relatively unchecked control over electoral institutions (Auyero 2000; Fox 1994; Stokes 2005).

However, much less attention has been paid to the social side of the exchange, and those who have studied this side of clientelism have focused almost exclusively on party linkages to individual voters, rather than to collective actors. Something like a consensus has emerged around the idea that the poor are more susceptible to clientelist linkages than higher-income groups because the “reserve price,” the dollar figure at which a voter is willing to sell her vote is lower for the poor (Calvo and Murillo 2004, 744–745; Dixit and Londregan 1996; Kitschelt and Wilkinson 2007, 25). While much literature on vote buying assumes that distributive spending reflects direct party-voter linkages, perhaps mediated by party-contracted brokers, recent studies have shown that societal (i.e. non-party) organizational structures add an extra layer of distributive intermediation between parties and voters (Calvo and Murillo 2013; Holland and Palmer-Rubin 2015; Larreguy, Marshall, and Querubin 2014).

While the party-voter linkage literature is not designed to explain organizational outcomes, it does provide three useful insights that help explain when organizations participate in distributive versus programmatic policymaking: the influence of social class in linkage type, the types of parties that pursue clientelist linkages, and the logic that parties employ in choosing whether to target supporters or non-supporters with clientelist appeals.

First, this literature’s assertion that lower-income voters are more prone to enter into particularistic exchange relationships with parties can relatively easily be extended to organization-party linkages. Barring mandatory membership (e.g., “the union shop”), all organizations are beholden to respond to the interests of their base in order to recruit and retain members. Organizations that represent lower-class constituencies likely face significant pressure to deliver material benefits given that the poor often prefer short-term handouts to the uncertain and long-term benefits of programmatic policy change. In contrast, organizations that represent middle- or upper-class groups may not be subject to the same level of demands from their members to deliver material rewards, and thus may place more of an emphasis on influencing programmatic issues, which potentially generates greater prestige for the organization and improves conditions for sectoral competitiveness in the long-run.

A second insight from this literature concerns the traits of parties that permit them to form material-based linkages. Two types of resources are needed for a political party to exchange distributive goods with electoral supporters: first, control over resources to be exchanged for electoral support; and second, a base-level organization capable of identifying potential beneficiaries and distributing rewards. Regarding the first condition, while it is conceivable that a party out of power could buy individual votes through inexpensive handouts, material linkages between parties and organizations likely require that the party is in office, or at least stands a strong chance of winning an upcoming election. When organizations form non-programmatic linkages with political parties, they do so with the hopes that the party will reward particularistic benefits—such as subsidies and social policies—to the organization and its members. Only a party that holds office can credibly promise to deliver these goods to an organization.⁷ Regarding the second condition, scholars have shown that in order for clientelism to be effective, parties must have a strong base-level operation, including a network of brokers

⁷ The multiple levels of government can complicate this argument. For instance, organizations may form alliances with parties that have sway over resources on the national, but not state level, supporting the state-level party electorally in exchange for benefits that are delivered by the national party.

located in lower-class communities capable of identifying potential clients, gauging their reserve values, and monitoring voting behavior (Szwarcberg 2013; Zarazaga 2014). This requirement may be ameliorated by *organizational* linkages to parties given that reaching exchange relationships with a few organizations does not require an extensive network in the same way that buying hundreds or thousands of votes does. Furthermore, political parties may actually pursue linkages with interest organizations to make up for shortcomings in party organization or incorporate organizations into the party as in-house brokerage operations (Hilgers 2008a; Holland and Palmer-Rubin 2015).

A third insight from this literature regards how parties strategically target distributive goods. Debates in the clientelism literature have revolved around the factors that lead parties to target core voters versus swing voters with particularistic benefits (Dixit and Londregan 1996; Nichter 2008; Stokes 2005). Gans-Morse et al. (2014) have modeled how parties combine “vote buying” and “turnout buying” strategies. Other studies have broadened their analysis to explain how parties combine programmatic and particularistic appeals to core and non-core groups. Using evidence from PROGRESA, a national social program, Magaloni et al. (2007) show that the dominant party deviated distributive benefits to areas with high levels of electoral competition and poor voters. Luna (2010), building on concepts developed by Gibson (1996, 9–11), shows how a Chilean right-wing party, achieved electoral success by mixing programmatic appeals to its middle-class “core constituency” with clientelist appeals to its lower-class “non-core constituency.” Given that the upper classes are less prone to engage in vote buying, it is unclear whether a left-wing party would pursue the converse strategy—offering distributive benefits to the upper classes while fostering programmatic participation by the popular sectors. However, the insight that parties pursue different types of linkages with different segments of the electorate is useful and likely travels to the interest arena.

More fundamentally, however, there is good reason to expect that parties’ relationships with *organizations* will be quite different from their relationships with voters. Organizations are much more complex and versatile than individual voters. First, in terms of *preferences*, organizations’ demands can take many forms that extend beyond what we can think of as a voter’s “demands”—policy preferences or the reserve value for selling one’s vote. Second, while voters are typically thought of as engaging in only one type of *political activity*—voting—organizations engage in several political activities: protest, media campaigns, lobbying, electioneering, policy design, and candidate recruitment to name several. Finally, *party linkage* is more complex and diverse for organizations than for individual voters—while we measure voter linkage to a party through such relatively unproblematic indicators as party identification, voting behavior and receipt of clientelist rewards, discerning an organization-party linkage is more complex. Organizations and parties may exchange a wide variety of resources and favors, including campaign labor, candidate recruitment, public endorsements, and personnel or funding. However, the presence of such exchanges does constitute conclusive evidence of an exclusive organization-party linkage, as organizations may provide these resources to multiple parties. Furthermore, even in the absence of such exchanges, an organization and party may have informal linkages that result from ideological affinity or personal relationships between organizational members and party figures.

Interest Representation and Collective Action

A more dispersed literature deals with the political participation of a variety of forms collective actors, including labor unions, social movements, and interest organizations. A particularly relevant subset of this literature describes the ways in which these organizations engage with political parties—following in the corporatist tradition. However, I also derive theoretical inspiration from the broader interest representation literature, much of which is interested in explaining how the traits of organizations and their environments affect organizations' goals and strategies. Literature in the tradition of Michels, which deals with the distribution of power in organizations, suggests that organizations with oligarchic tendencies are likely to pursue survival-oriented strategies, such as the formation of party-dependent relationships. Studies in the tradition of Olson, which deal with collective action, suggest that organizations that face acute challenges to recruitment and sustaining participation will prioritize strategies that generate goods that can be distributed selectively among members.

The risks and benefits of party alignment are a central concern of many studies of popular-sector interest associations. Research on corporatism in mid-twentieth century Latin America and Western Europe described a mode of interest representation in which hierarchical and often-monopolistic representatives of productivist groups were granted privileged access to policymaking in exchange for ceding to top-down control by the state or a political party (Collier and Collier 1991; Lehmbbruch and Schmitter 1982; Schmitter 1974). Corporatism has decayed in Latin America (and globally) as states have adopted technocratic modes of policymaking and parties' electoral campaigns have increasingly relied on media appeals and clientelist handouts rather than base-level mobilization carried out by mass organizations (Greene 2007; Levitsky 2003; Roberts 2015). Nonetheless, it would be folly to assume that the decline of corporatism has ushered in an age of pluralism, in which interest organizations of all stripes are centrally concerned with programmatic policies, have access to effective spaces for expressing interests, and are free from top-down control by the state or a party patron.

Rather, as Collier and Handlin (2009) describe, economic and political transformations in Latin America over the past three decades have led to a decline of the mode of interest representation typified by corporatist union-party linkages (the “union-party hub”), and the emergence of a new pattern. This new interest regime, which they refer to as the “associational networks,” is composed of a diverse array of interest organizations that are organized less hierarchically than union confederations and execute a wider variety of functions independent of political parties. While the withdrawal of the state from top-down control of organizations provides greater *autonomy*, the cessation of state subsidies and compulsory membership have left organizations more *precarious* (Collier and Handlin 2009, 24–29; Kurtz 2004; Shadlen 2004). Organizations—both those that have carried over from the corporatist period and those that have emerged in the last three decades—have struggled to secure financial resources, sustain ample membership rolls, and coordinate in collective activities to pressure the state. Facing these challenges, many organizations turn to external actors—quite often political parties—which offer material benefits in exchange for campaign support and control over organizational activities. However, the prospect of aligning with a political party, as opposed to engaging in other forms of political mobilization, still presents these organizations with a tradeoff between access and autonomy (Collier and Handlin 2009, 81–91; Fox 1992a).

Research on political parties in Latin America has described a transition from “labor-based” structures, where unions served an important campaign mobilization role, to “neo-

populist” structures typified by mass-media appeals to voters and clientelism (Greene 2007; Levitsky 2003; Samuels 2004; Weyland 1996). While evidence of the distancing between parties and unions is undeniable, the exclusion of organized interests from electoral politics should not be overstated. Parties still rely extensively on collective actors; party-organization linkages offer parties highly coordinated networks of citizens, capable of mobilizing voters and organizing ground campaigns. Garay (2009), for example, fosters data from a cross-national survey of interest organizations in Latin America to show that parties have increasingly looked to interest organizations to carry out these roles as organic union-party linkages have deteriorated in the neoliberal period. However, she observes that party-organization linkages tend to be more intermittent—lasting for a single election rather than over several elections—and instrumental—based on a negotiated exchange rather than programmatic or ideological affinity—compared with union-party linkages of the corporatist period.

Since parties are today less willing or able to defer significantly to interest organizations on policy matters, party-organization linkages more frequently feature an exchange of electoral support for access to distributive benefits. Often as part of the agreement, organizations must forgo programmatic demands that the party is unwilling to incorporate as well as pressure tactics such as protest or media campaigns that may otherwise have opened space for them to influence programmatic policies. Thus, as organizations become more dependent on political parties, they may enjoy privileged access to distributive benefits yet be marginalized from programmatic policymaking. Given the terms of this tradeoff, what factors cause organizations to choose to enter into party linkages—with the corresponding sacrifice of programmatic voice for particularistic rewards? And under what conditions do organizations enter into linkages with political parties while maintaining programmatic influence? I focus on two areas of literature that provide potential explanations for interest organizations’ orientations to programmatic versus particularistic policies, and the strategies that they implement to pursue these demands.

First, a significant scholarly tradition turns our attention to the distribution of power within organizations. Several scholars, building on Michels’ classic concept of oligarchy, have argued that when power becomes concentrated in the hands of one or a few authorities, the organization tends to “bureaucratize,” prioritizing the survival of the organization over the transformative goals that motivated its founding. Goal displacement through oligarchization and bureaucratization has been a central concern of studies of social movements (Katsiaficas 2006; Piven and Cloward 1979, 24–27; Staggenborg 1988), political parties (Panbianco 1988, 264–67) and labor unions (Voss and Sherman 2000). Oligarchic leaders are also prone to co-optation by outside actors such as political parties, causing them to neglect the interests of the base in the pursuit of their own political careers (Bourdieu 1991; Selznick 1949, 13–18). When organization leaders are coopted by state or party actors, these leaders take cues from the party rather than from their base about which goals to pursue and how to mobilize in pursuit of those goals.

Oligarchic tendencies are likely to push organizations into party-dependent relationships predicated on the exchange of electoral support for preferential access to distributive goods. Such alliances guarantee ongoing access to material benefits that bolster recruitment efforts—therein increasing the clout of the leader—but often limit the organization’s capacity to engage in non-electoral forms of demand making and close off opportunities to influence programmatic policies. Scholars have shown that organizations may evade oligarchic tendencies by adopting internal leadership accountability mechanisms and following democratic procedures for leader election and decision making (Fox 1992a; Lipset, Trow, and Coleman 1956). Thus, we expect to

find that organizations with regular elections for leaders and participatory modes of decision-making will tend to employ diverse mobilization strategies in pursuit of programmatic demands, while organizations that bestow unchecked power in one or a few leaders will be more likely to limit their mobilization efforts to the electoral arena in pursuit of distributive demands.

A second area of literature, which belongs to the Olsonian tradition, problematizes the central challenge of any organization—achieving and sustaining collective action. Before any organization can influence policy or extract benefits from the state it must ensure its own survival by recruiting, retaining, and mobilizing members. Olson (1965, 53–65) directed much of his attention to group size. He argued that as organizations increase in size, they find it more difficult to forestall freeriding since bounds of solidarity become weaker and because members perceive that their participation is less crucial to secure non-excludable benefits. Subsequent analyses of collective action have identified interest convergence as another trait that affects the collective action challenge. For instance, Collier and Handlin (2009, 68–70) note that a fundamental challenge for the creation of labor unions stems from the fact that potential members’ interests are often at odds, as they are in competition with one another in the labor market. The degree to which interest organizations face similar challenges in their participation in policymaking depends on the heterogeneity of their members—organizations with relatively homogenous member bases (e.g., solely small-scale corn farmers) will find it easier to agree on a shared set of goals than heterogeneous organizations (e.g., those that combine small-and large-scale farmers and/or non-farmers). Organizations may overcome challenges to collective action—stemming either from size or from interest divergence—by offering selective incentives, benefits that can be enjoyed only by those who participate in the organization. Following Olson, several scholars of contemporary interest organizations in Latin America have noted that ongoing access to disaggregable goods provides organization leaders with key “selective incentives” to bolster member recruitment and mobilization (Dosh 2009; Garay 2007; Ondetti 2008).

In addition to size and interest heterogeneity, social class and sector also contribute to recruitment and participation challenges. Scholars of individual-level participation have shown that higher-class groups are more participatory, given higher levels of education, social capital, time, and money (Verba, Schlozman, and Brady 1995, 186–227). Therefore, in the context of economic interest organizations, accumulating an active membership is likely more difficult for organizations that represent lower-class constituencies. Further, certain sectors are more difficult to organize than others. Kurtz (2004, 29)—building on Bates (1981, 87–88)—makes the case that peasants are particularly difficult to mobilize given spatial dispersion and interest divergence due to variations in capital. On the other hand, business owners offer particularly low challenges to collective action (Lindblom 1977), given their high degree of *a priori* coordination—however this advantage may be muted for small-scale business (Shadlen 2004, 11–16). Finally, state regulation of the interest regime often has a strong influence on collective action. State policies that establish mandatory membership or make certain benefits contingent on membership reduce the organization’s need to provide selective incentives (Moe 2011, 26–65).

IV. Non-Elite Economic Interest Organizations and Policymaking: A Framework

Building on the literature above and inductive theory generation from field research in Mexico, I identify three ingredients to explain the type and degree of participation of non-elite economic interest organizations in policymaking. In the next section, I deploy these three types of variables into a theoretical model to explain organizations' modes of policy participation. First, we must consider the interests of the individuals that compose an organization—farmers and business owners in the case of the present study. Economic units in each of these sectors can be split into micro, small, medium, and large categories based on the number of hectares owned by a farmer or the number of employees of a firm. Given that the focus of this study is on *economic* interest organizations, it is reasonable to think of these interests of their members as deriving from their economic position, as opposed to identity-based or ideological commitment as may be the case with social movements or other types of civil society organizations. Thus, for instance, we can speak of certain policies that benefit small-scale farmers (e.g., small-capital subsidies), other policies that benefit large-scale farmers (e.g., subsidies for heavy machinery), and policies that benefit all sizes of farmers (e.g., import tariffs).

Now, organizations are much more than passive aggregators of their members' interests. Given the structurally defined interests of the actors in a given sector, the organizations that represent—or seek to represent—these actors can choose which specific demands to prioritize. I argue that organizations must solve their primary membership problem—their ability to recruit, retain, and mobilize members—before they turn to goals external to the organization. This membership problem is determined by the organization's economic resources and its ability to generate selective benefits to induce member participation. Furthermore, traits of organizations may influence their risk aversion—that is, the degree to which they are willing to pursue external goals at a given level of collective-action capacity. In particular, *power distribution*, typified by the degree of leadership entrenchment and decision-making processes affects how the organization prioritizes transformative change versus organizational survival.

Finally, organizations encounter political scenarios that are more or less favorable to delivering different types of goods. Specifically, the degree to which state actors are receptive to an organization's demands, and correspondingly incorporate organizations into policymaking, depends on two elements of the party in power: first, pre-existing party-organization ties; and second, the level of electoral competition that the party faces, which determines the electoral resources that it may seek through organizational linkages.

Social Class and Structurally Defined Economic Interests

Economic actors, such as farmers or business owners can be broken into two categories: those are fundamentally interested in making ends meet and those that are economically stable and are fundamentally interested in increasing their profitability. The most vulnerable actors—subsistence farmers or micro-entrepreneurs—will tend to prioritize distributive goods over programmatic participation because of their urgent economic situations, which lead them to perceive public policy through a short timeframe. As economic actors' stability (i.e. class position) escalates, they will likely place increased emphasis on policies that improve their sectors' long-term competitiveness, which tend to fall under the rubric of programmatic

demands, such as infrastructure and regulatory policy.⁸ This is not to say that the poor do not benefit from programmatic policies; to the contrary, their very livelihoods may depend on long-term economic policies, such as the conditions of trade that affect the prices of the goods that they produce or sell. However the exigencies of making ends meet often trump these goals. Conversely, while I expect higher social class economic actors to be more programmatically oriented, they of course also stand to benefit from handouts.

Organization leaders will feel great pressure to respond to their members' structurally defined first-order preferences: An organization of small-scale farmers will have a hard time recruiting and retaining members if it does not deliver particularistic benefits. And an organization of medium and large business owners will lack the prestige to recruit and retain members if it does not demonstrate an ability to influence important regulatory or tax policies. Simply put, the higher the percentage of a given organization that belongs to the lower class, the more pressure the organization leader will feel to focus on the distributive policy area and to engage in electoral demand-making strategies which facilitate such demands.

However, organizations are not necessarily "trapped" by their members' first-order preferences. In my research, I have encountered organizations composed of poor farmers that choose to prioritize programmatic demands and non-electoral forms of demand making. Conversely, I have encountered business organizations, made up largely of middle-class business owners, who focus their energies on the electoral realm and accessing distributive programs. The characteristics of organizations developed in the following section determine the potential of the organization to engage in demand-making strategies that defy what is expected given their class composition.

Membership, Resources, and other Organizational Traits

When economic actors join together in interest organizations, their interests become translated into collective demands. The specific demands that become prioritized depend on characteristics of the organization, which determine the organization's priorities. Distributive programs provide economic benefits for the organization and its members while programmatic demands have the potential to alter the conditions of the sector within which the organization operates in a more transformative way. Resource flows and internal power distribution are the organizational traits that determine the relative importance they place on extracting benefits from the state and transformative change. I also discuss ideology and leadership, traits that were often mentioned in interviews, but which I find offer little explanatory power.

Membership and Resources: In order to survive and wield influence, organizations require two fundamental types of resources: money and membership. The first of these—financial reserves—are necessary to secure facilities, hire personnel, and fund organizational activities. Organizations acquire these necessary financial resources from several sources, including member dues, fees charged for providing services, state subsidies, or from selling goods and services to the general public. While it is difficult to establish an objective amount of

⁸ It bears noting that this distinction disregards the actual content of programmatic demands, which can be quite different across sectors. For instance, as Puga (2004, 142–150) discusses, Mexican Chambers of Commerce tend to favor open markets while Chambers of Industry are more protectionist. However demands related to trade policy are programmatic in either case because they reflect the broad interests of these sectors (unless they single out individual firms for particular benefits).

funding that is sufficient for an organization, the diversity of an organization's funding sources is an observable trait that reflects an organization's financial stability. An organization that counts on several different sources of funding is likely to be quite stable, as it is not vulnerable to the withdrawal of any one funding source. Furthermore, diversity of funding sources also bestows organizational autonomy because there is no single funder with the ability to control the organization by threatening to withdraw essential funds. *Given these higher degrees of stability and autonomy, organizations with more diverse sources of financial resources engage in riskier forms of mobilization, such as contentious strategies, and are freer to make demands related to programmatic policies. Organizations with relatively few sources of funding will tend to be more conservative, opting for electoral strategies that yield distributive benefits.*

The second type of resource that is necessary for an organization is membership. In contrast to elite organizations that wield power through powerful connections and control of vast sums of money, non-elite organizations rely on large memberships to influence political outcomes. The greater the membership base, the more influence the organization wields, as its electoral participation becomes more decisive and its protests become more disruptive. Olson provides the insight that "selective incentives" constitute an effective motivating device for membership in the absence of strong ties of solidarity.⁹ Thus, organizations that have disaggregable benefits to offer to members are in a better position to sustain their ranks and remain dynamic. It follows that an organization may solve its membership challenges by offering access to services or economic benefits that are provided by the organization and are exclusive to members. If the organization is unable to offer attractive-enough selective incentives, it may offer assistance in accessing state distributive programs, which can serve the purpose of selective incentives. *Thus, economic interest organizations that are not able to retain members on the basis of the services that the organizations provide themselves are likely to place a higher value on accessing distributive programs from the state that can be used as selective incentives, pushing them toward electoral forms of participation.*

Power Distribution: Organizations distribute power between leaders and members in different ways. Some have highly democratic structures typified by regular elections to replace the leaders and decision-making processes that foster broad input. Other organizations have oligarchical structures typified by entrenched leadership and a concentration of decision-making in the leader or a small cadre of members. As discussed above, oligarchic traits—leadership entrenchment and the concentration of decision-making processes—have the consequence of making organizations more conservative and concerned with survival over transformative demands. Thus, in order for organizations to take the riskier path involving non-electoral forms of participation and programmatic demands, they must have mechanisms in place to reach consensus regarding the members' shared programmatic interests and to hold leaders accountable to these goals.

⁹ According to Olson (1965, 60–65), certain organizations may generate ties of loyalty or community wherein the members feel compelled to participate even though they receive no personal benefits in exchange for their participation. Such ties of solidarity are likely to occur in smaller organizations and those that overlap with pre-existing social networks. We might expect such ties of solidarity to be stronger in rural organizations, where members are locally based and know one another. However, for economic interest organizations to wield influence beyond the local level, they must scale up beyond the bounds of a single community, requiring that they provide additional incentives to members.

In order to avoid leadership entrenchment, organizations should place limits on the period of time that their leaders can stay in power and elect leaders through elections involving the entire membership rather than a small council. In order to assure that decision-making processes reflect the interests of the organization as a whole rather than a small cadre of leaders, they should hold regular meetings that convene and generate input from the base. *Organizations with regular leadership turnover and frequent meetings where all members can have a say in organizational decision making will be better able to identify shared programmatic demands and pursue the diverse mobilization strategies that auger in favor of the fulfillment of these demands.*

Ideology and Leadership: While I do not include ideology or leadership as variables in my theoretical model, they are worth mention due to the sheer frequency with which they organization representatives evoked them when asked why they pursue certain demands over others. Leaders—bordering on sanctimony—will boast that their ideological commitment or virtues such as honesty and generosity cause them to pursue goals that respond to the needs of their base, while casting aspersions against other organizations, which they say are only in it for handouts or to further the personal ambitions of their corrupt or selfish leaders. As the argument regarding ideology goes, organizations with strong ideological commitments—to revolutionary egalitarianism or to free-market capitalism for instance—are less likely to “sell out” in favor of handouts. Regarding leadership, an honest and committed leader may make sure that the organization retains its programmatic principles and makes the best use of its resources rather than selling out for handouts or manipulating the organization to further his own political career or to build a personal fortune. While the importance of ideology and leadership is undeniable, both of these variables run into the same problems in the process of constructing and testing theory—they assume that quality leadership and ideological commitment are inherent values rather than conditions that are endogenous to the institutional traits of organizations. The findings in this study suggest that effective organizational leadership is more a consequence of accountability structures than benevolent leaders. Similarly, commitment to programmatic goals is more a consequence of the incentive structure faced by an organization and its members rather than the depth of the members’ ideological commitments.

The second problem with these types of arguments is empirical: these variables fail to predict the types of demands that organizations express. Examples abound in Mexico—and elsewhere—of organizations that are born with strong ideological commitments that lead them to engage in a period of large-scale mobilization in pursuit of transformative change, only to later demobilize and descend into clientelistic linkages with political parties. In many of these cases, the organization leaders (now acting as clientelistic brokers) profess strong ideological commitments and virtues of generosity, citing their Robin Hood-like practices of extracting benefits from the state to support their vulnerable clients.

Party Politics

Now that we have laid out the interests of non-elite economic actors and ways in which organizations filter these interests into demands, we are in a position to analyze how these demands are translated into participation in policy making. I argue that the traits of electoral competition in the state in which the organization operates shape the degree to which organizational demand making yields policy participation. Here, the focus is on the degree to which political party and state actors are interested in granting concessions to organizations and

what types of policy participation they are interested in promoting. I lay out two characteristics of the political context in which organizations operate that shape how demands translate into policy participation: the ruling party's *participatory preferences* and the level of *electoral competition*. Taken together, these factors determine the strategies that ruling politicians pursue to incorporate interest organizations into policymaking.

Ruling Party's Participatory Preferences: The participatory preferences of a political party reflect the routinized modes of interacting with different types of organizations, typically flowing from formal or informal institutions inherent to the party organization, that define its approach to linkages with interest organizations. These preferences vary for organizations that belong to the party's "core" and "non-core" constituencies, and thus have different degrees of affinity to the ruling party.¹⁰ For example, a pure patronage-based party would prefer to incorporate core organizations in distributive politics clientelistically and into programmatic policy at most superficially, while isolating non-core organizations from both types of policy. On the other hand, a programmatic party would prefer to incorporate core organizations in programmatic policies meaningfully while pursuing a uniformly technocratic approach to incorporating both core and non-core organizations into distributive policy.

As shown in Table 2, I conceptualize party-organization affinity as having three dimensions, having to do with the alignment of the party's and the organization's programmatic goals, the relationship of the organization's membership to the party's electoral constituency, and the compatibility of the party and the organization to form electoral linkages. The first dimension concerns whether the organization has similar policy interests as the party—for instance a business organization would likely share programmatic goals with a party that espouses labor-market flexibility and low corporate tax rates.

The second dimension refers to the organizations' members; following Stokes et al. (2013, 34), the organization members are core constituents if they are "network proximate" to the party in question. An organization's members will belong to the core constituency for a given party if the party and organization have a high degree of organizational overlap: many of the organization members are also members of the party or belong to the same social circles as the party leaders (attended the same universities, live in the same neighborhoods, etc.) The third dimension is largely a consequence of the first two. Programmatic agreement and network overlap are conducive to long-term party-organization linkages, and the party will be amenable to incorporating the party into programmatic policymaking. When organizations' programmatic commitments are only somewhat aligned with those of the party and/or its members' positions in the party's network are more peripheral, linkages are still possible, but they are likely to be short in duration, as the organization may be equally (or more) amenable to linkages with a competing party, and will tend to feature the immediate allocation of distributive benefits. Where the organization's goals are in conflict with the party's, the organization can be described as oppositional, and will not be amenable to short or long-term linkages except in extreme scenarios.

¹⁰ I borrow the terms "core constituency" and "non-core constituency" from Gibson (1996, 9–11), who defines the former as the segment of society that provides ideological and financial resources to the party and is central in creating its identity. See also Luna (2010).

Table 2: Typology of Party-Organization Affinity

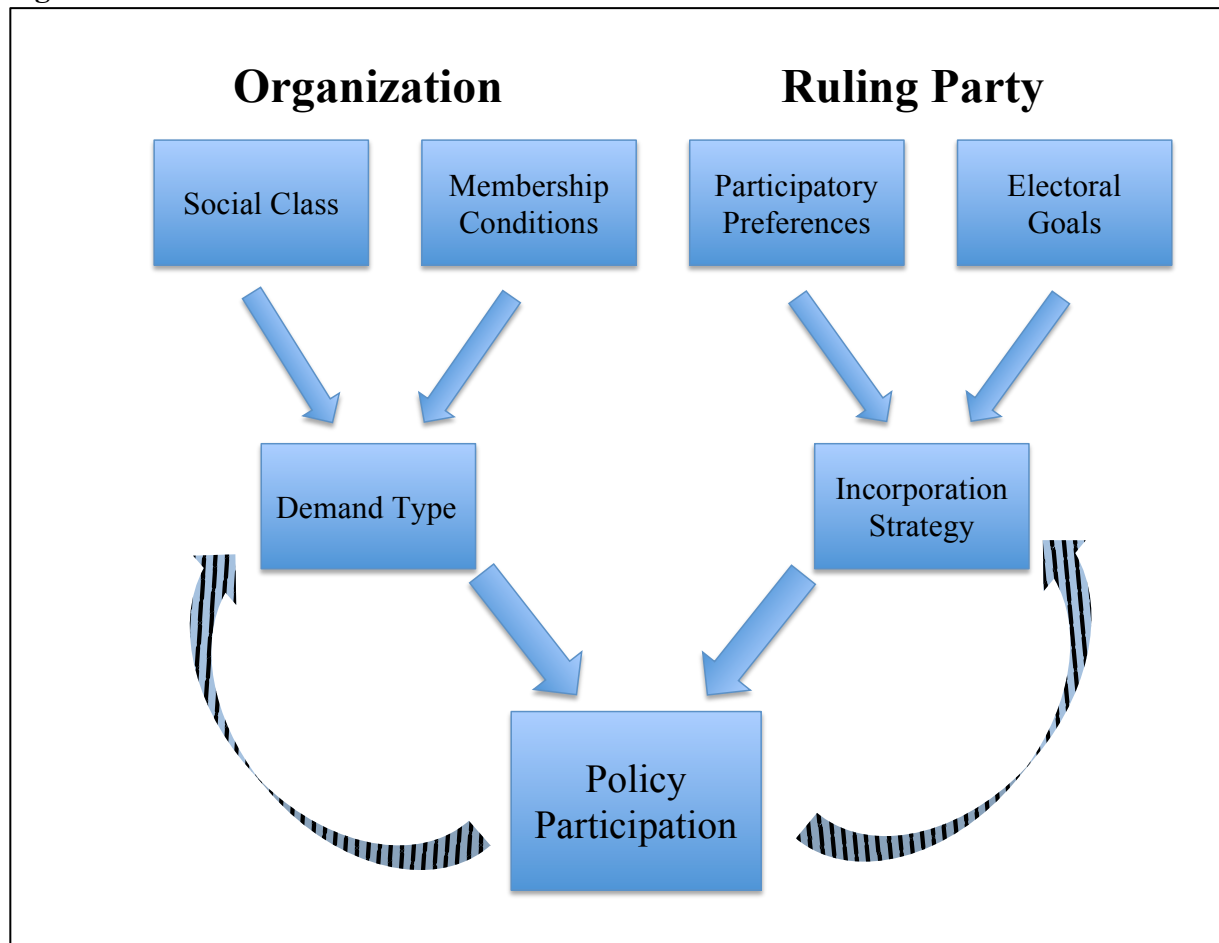
	Programmatic Goals	Membership	Linkage Compatibility
Core Org's	Similar to party's	Core constituency	Amenable to long-term, programmatic
Non-Core Org's	Some overlap with party's	Non-core constituency	Amenable to short-term, distributive
Opposition Org's	Conflicting with party's	Non-core constituency	Not amenable

Electoral Goals: A second characteristic of the political context is the degree and form of electoral competition. We might expect that higher levels of electoral competition would increase the leverage that organizations have with political parties—the electoral support of organizations becomes more coveted by parties when elections are closely contested and the threats of protest or media campaigns become more portentous. As Diaz-Cayeros et al. (2012a, 5) point out “parties are motivated both by long-term considerations—maintaining their electoral coalitions over time—and short-term concerns—expanding their electoral base at election time.” An electorally dominant party is free to pursue its pre-electoral participatory preference, which typically favors core organizations in both policy arenas, as these organizations’ activities are most prone to further both the policy and *long-term* electoral goals of the party. In contrast, a party facing an *electoral threat* will be preoccupied with the *short-term goal* of winning an upcoming election, and thus may alter its incorporation strategy to accomplish one or both of the following challenges: forestalling the defection of core organizations to a rival party that stands a chance of winning an upcoming election; or forming short-term linkages with non-core organizations to gain their immediate electoral support. *Thus, electoral competition may lead parties to incorporate organizations in programmatic policies that they otherwise would prefer to restrict to the distributive realm, or to enter into short-term distributive linkages with non-core organizations.*

V. Summary of Argument

My explanation for organizations’ participation in distributive and programmatic policymaking is composed of two processes, as depicted in Figure 2. These two processes correspond to the three ingredients laid out in the last section. On the organization side, the social class of the organization’s members and the organization’s membership conditions shape the types of demands that the organization levies for policy. On the ruling party side, the party’s participatory preferences interact with its electoral goals in a given state to shape an administration’s strategy for incorporating interest organizations in policymaking. These two intermediate outcomes—the organization’s demands and the ruling party’s incorporation strategy ultimately yield the organization’s mode of policy participation. The arrows looping back up the diagram represent the self-reinforcing nature of this process. As an organization and ruling party establish a mode for interest representation, the organization becomes specialized in this mode of intermediation, reproducing the participatory model.

Figure 2: Theoretical Model



1. Determinants of Organizational Demands

As shown in the left half of this model, the class of an organization's members and its membership conditions shape its demand type. Organizations that represent lower-class populations, such as peasants, face pressure to deliver particularistic benefits, as poorer citizens are more preoccupied with their short-term economic survival than middle-class citizens. However, organizations are not wholly constrained by these individual demands; rather organizations are fundamentally interested in their own survival, which derives from their ability to sustain a large and active membership, which may or may not be accomplished by delivering patronage benefits to citizens. The ability to recruit, retain, and mobilize members is central to non-elite organizations' political influence. These organizations garner the attention of policymakers by showing that they can turn out people in campaign events or mobilize in protests, forms of mobilization that rely on power in numbers. Compared with organizations that represent middle-class constituencies, membership deficiencies tend to be more acute among popular-sector organizations, whose members lack the time, connectedness, and human capital to engage in associations. However, as Olson (1965) famously established, factors beyond class such as interest heterogeneity and diffuseness also exacerbate these types of collective-action problems.

Interest organizations confront this challenge by offering selective benefits to spur member recruitment and engagement. Some organizations generate these benefits internally by offering services such as cooperative economic ventures, training programs, legal support, and networking opportunities that encourage members to join and participate in organization activities. Organizations that generate these benefits autonomously are free to engage in demand-making processes concerning more transformative programmatic policies. On the other hand, organizations that lack the ability to provide such services may instead limit their demands to the distributive realm, with the goal of extracting particularistic benefits from the state to deploy as selective benefits.

For the two sectors that I look at, distributive-seeking organizations are much more prevalent in the lower-class agricultural sector than in the middle-class small-business sector. This imbalance results from two factors. First, the relatively more vulnerable rural populations that constitute the member base for agricultural organizations are more likely to approach the organizations in pursuit of sorely-needed state handouts than middle-class business owners. Second, agricultural organizations more often confront membership deficiencies, owing to resource deficits and a more atomized population. Business organizations, in contrast, tend to be well established and have ample financial and personnel resources (often subsidized by the federal government) to dedicate to providing attractive services to members, such as consulting, training seminars, and conventions. However, a handful of agricultural organizations *are* able to achieve solve their membership challenges autonomously by developing comparable resources, such as training in production techniques or resolving land-tenure disputes, and are thus freed to pursue programmatic demands. Conversely, several business organizations fail to provide such member benefits, and thus come to rely on state benefits as their primary source of member benefits.

2. Determinants of Ruling Party's Incorporation Strategies

State actors' approaches to incorporating interest organizations in policymaking constitute the other dynamic that shapes participatory outcomes. My analysis of state actors is focused on the incentives to the ruling party on the state level. This is not to say that parties out of office are unable to form electoral linkages with interest organizations or to make efforts to facilitate their participation in public policy. However, given that the governor and the ministries that she controls drive both programmatic participation (e.g., the operation of consultative councils) and distributive participation (e.g., the disbursement of subsidies), the actions of the ruling party are highly determinative of the degree of participation enjoyed by an organization in both policy areas. This tendency is especially pronounced in Mexican state politics, where policymaking authority is tilted drastically in favor of the executive branch.

A given ruling party may pursue a different incorporation strategy for each organization, however organizations in the same sector—e.g. dissident agriculture or small business—tend to group together. This strategy entails both a programmatic and a distributive component, each of which can be scored as highly inclusive, somewhat inclusive, or exclusive for a given organization. The right side of Figure 4 shows how the ruling party's pre-electoral participatory preferences interact with its electoral goals in a given state to produce the party's strategy for incorporating interest organizations into distributive and programmatic policymaking.

As discussed above, while ruling parties may prefer to incorporate only organizations in their core constituencies into policymaking, therein reinforcing their long-term linkages with

these groups, an electoral threat will motivate them to increasingly prioritize the construction of short-term linkages with non-core organizations. Parties are more likely to offer distributive benefits than programmatic influence to interest organizations in the context of short-term linkages, as distributive benefits accrue on a shorter time frame programmatic policies. Furthermore, programmatic policies are more likely to engender conflict between the party's core and non-core constituencies.¹¹ Thus, the optimal strategy for parties under threat is to retain core organizations through privileged programmatic participation, freeing up distributive resources for non-core linkages. The challenge of retaining core organizations is particularly significant for parties that have recently assumed power after an extended period of rule by another party, as occurred in many Mexican states, because the newly governing party's ties to its core organizations are unconsolidated.

Parties gain different types of benefits from these short- and long-term linkages. A short-term linkage—the type of linkage most common between parties and non-core organizations—involves a circumscribed exchange negotiated in the context of a single election. In such an exchange, the organization provides services to the party that are useful for winning the election at hand: endorsements in the media, opportunities to speak in front of its members, and the use of the organization's membership base as a patronage network. In exchange, the organization is offered some excludable benefit, such as preferential allocation of subsidies that are under the discretionary control of politicians belonging to that party. Long-term linkages between a party and core organization involve shared programmatic goals and organizational overlap between the party and the organization, constructed over the course of iterated interactions. Core organizations are key allies and politicians stand to benefit from strengthening these organizations and nurturing their ties to the party. The members of core organizations are socialized to support the party, the party often recruits candidates and bureaucrats from the organization's ranks, and the ongoing support of the organization serves as a signal to the broader electorate that the party and its candidates are “pro-business,” or “pro-farmer.”

3. Participatory Outcomes and the Patronage Trap

Where organization and party goals converge, that mode of participation prevails. Thus, where distributive-seeking organizations encounter ruling administrations predisposed to reward them with distributive benefits, the organization will enjoy high distributive participation. Organizations that integrate programmatic demands with distributive demands will end up participating in the types of policies that correspond to the state government's incorporation strategy. Where the organization is a programmatically core organization for the ruling party, the organization participates significantly in programmatic policies. However, where the ruling party faces an electoral threat, it will attempt to allocate distributive benefits to non-core organizations, in the attempt to increase their short-term electoral base.

The arrows looping upwards in Figure 1 represent the self-reinforcing nature of organizations' policy participation. This pattern is particularly manifest for distributive-seeking organizations, producing a situation that I refer to as *the patronage trap*. Collective-action failures cause these organizations to enter into patronage-based party linkages, which place pressure on organizations' leadership and mobilization structures to privilege distributive

¹¹ This point generates in Lowi (1964), who argues that distributive policies engender less conflict between groups in society than regulatory or redistributive policies.

demand making. This is a trap because once organizations limit their demands to distributive policies, the position of the leader and member-recruitment strategies become tailored to patronage politics, making the organization ill suited for programmatic demand making.

There also exists a parallel equilibrium—a virtuous cycle of programmatic participation—that is significantly less “sticky” than the patronage trap.¹² These two equilibria exist in what might be called asymmetric path dependence. There are many trapdoors through which programmatically oriented organizations can tumble, finding themselves in the patronage-trap equilibrium. A sudden decline in resources, the ascendance of a leader with electoral ambitions, or the decision to form an exclusive partisan alliance can quickly take an organization off the programmatic path. In contrast, organizations in the patronage trap tend to stay there. This fragility of programmatic demand making is attenuated for middle-class organizations, whose members can be more easily socialized to pursue a common programmatic cause. Furthermore, the business organizations analyzed here uphold strong restrictions against party alliances, which safeguard their programmatic orientation in most cases.

VI. Research Design

This analysis conducts three types of subnational comparisons within Mexico.¹³ My comparison across three different states—each with large business and agricultural sectors and among the top nine in population—allows me to gauge variation on the effect of the ruling party, as each of these parties were governed by different parties during the period of study. The comparison between the lower-class agricultural and middle-class small-business sectors allows me to observe the effect of class. And the comparison of individual organizations—both within states and within confederations—allows me to hold several contextual variables constant in observing the effect of organizational traits.

I draw on three types of data to make these comparisons: qualitative case studies of state-level organizations, a national survey of agricultural and business organizations, and original datasets of state-level subsidies. The organizations that constitute my unit of analysis operate on the state level yet belong to national-level confederations, facilitating comparison across states. The principal factor that varies across states is the form of party competition. Mexican states split into four categories: those that continued to be dominated by the Institutional Revolutionary Party (Partido de la Revolución Institucional, PRI), those where the PRI retains power, but faces an electoral threat from the National Action Party (Partido Acción Nacional, PAN) or Party of the Democratic Revolution (Partido de la Revolución Democrática, PRD),¹⁴ those where the left-wing PRD unseated the PRI, and those where the right-wing PAN unseated the PRI.

The qualitative portion of my analysis is based on case studies of six organizations in each of three different states: Estado de México, a PRI-dominated state; Michoacán, a PRD-ascendant state; and Jalisco, a PAN-ascendant state. The six case studies in each state were

¹² In the economics literature, such an unstable outcome is referred to as a “knife-edge equilibrium.”

¹³ As Snyder (2001, 95–96) notes, subnational comparative designs constitute a strategy to “establish control over potential explanatory variables” as “subnational units within a single country can more easily be matched on cultural, historical, ecological, and socio-economic dimensions than can national units.”

¹⁴ I do not include a case of this type. Future research will integrate a fourth case—the state of Puebla, pre-2009, which constitutes a case of the PRI under electoral threat from the PAN.

conducted with organizations belonging to the same six confederations: CNC, CCC, and ANEC in the agricultural sector and COPARMEX, CANACINTRA, and CONCANACO in the business sector. These case studies were conducted through interviews of organization leaders and observations of organization meetings and interactions with state and party actors. I deploy findings from these case studies to generate hypotheses about organizations' demand-making strategies and ruling party's incorporation strategies.

I also conducted national-level surveys of organizations in these sectors using an original survey of 156 organizations belonging to these confederations across all Mexican states. I carried out the survey at national conventions that brought together these organization leaders and over the internet with the help of staff at the confederations' central offices to distribute the questionnaires. The goal of the survey was to test my hypothesis regarding the effect of organizational traits on demand-making strategies, showing that collective-action challenges cause organizations to narrow their mobilization strategies to the electoral realm and to prioritize distributive over programmatic demands.

Finally, I conduct analysis of spending data on a small-business support program called Fondo PyME. This is a "federalized" subsidy, meaning that it is designed and largely funded by the federal government's Ministry of the Economy, but administered by state governments. Additionally, these two programs—Fondo PyME in the small-business section and Activos Productivos in the agricultural sector—are application-based. Rules of operation adopted on the national level lay out a broad array of types of benefits that can be supplied and basic application procedures for potential beneficiaries and state governments then make decisions about what types of projects to prioritize, evaluate applications, and decide whom to reward with the benefits. Thus, these programs offer a standardized institutional framework that permits a controlled cross-state comparison of distributive spending. I use these data to test my argument about the effect of electoral threats on governments' incorporation strategies, showing that administrations facing an electoral threat are more likely to allocate distributive benefits to organizations in their non-core constituencies.

The remainder of this section lays out the contrast space over which I conduct this analysis. I first describe the two economic sectors, small-scale agriculture and small business, discussing the role of each in Mexico's economy and employment. I then discuss the three major political parties in Mexico and their historical relationships to organizations in the two sectors. I also situate these parties in the three state case studies—Estado de México, governed by the PRI; Jalisco, governed by the PAN; and Michoacán, governed by the PRD.

Small-Scale Agriculture and Small Business in Mexico

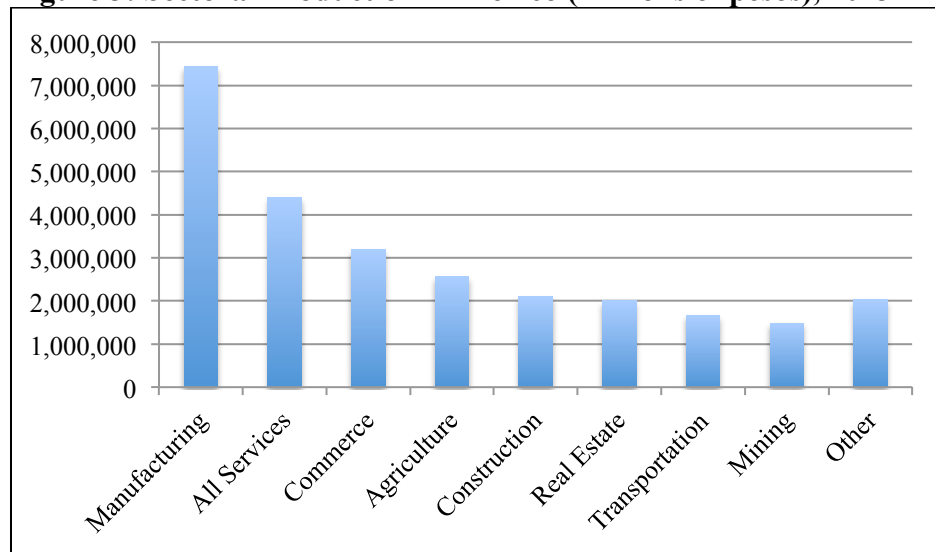
This project conducts comparisons between organizations both across and within the small-scale agriculture and small-business sectors in Mexico. The cross-sector comparison allows me to interrogate variation across class groups, as small-scale agricultural producers belong to the lower class, while micro-entrepreneurs and small-business owners are members of the middle class.¹⁵ The within-sector comparisons of organizations allow me to observe the effect of organizational traits. The agricultural and small-business sectors are important subjects of analysis given their large contributions to employment and Mexico's economic production.

¹⁵ Portes and Hoffman (2003, 44–50) characterize agricultural laborers as members of the proletariat and micro-entrepreneurs as belonging to the petty bourgeoisie.

Furthermore, as I discuss in the next chapter, these two sectors were both grouped into peak-level corporatist organizations by the state in the aftermath of the Mexican Revolution, albeit through quite different modes of corporatism; the CNC was incorporated into the ruling party, while the Chambers of Commerce and Industry were formally nonpartisan and enjoyed relatively greater autonomy from the party-state.¹⁶

Today, Mexico’s economy relies much more heavily on business, and particularly on the manufacturing sector, than on agricultural production, as shown in Figure 3. In 2013, manufacturing production totaled 7.4 trillion pesos (roughly 489 billion dollars), or 27.6 percent of GDP. Services and commerce totaled 7.6 trillion pesos (28.3 percent of GDP), while agriculture constituted 2.6 trillion pesos (9.5 percent of GDP).

Figure 3: Sectoral Production in Mexico (millions of pesos), 2013



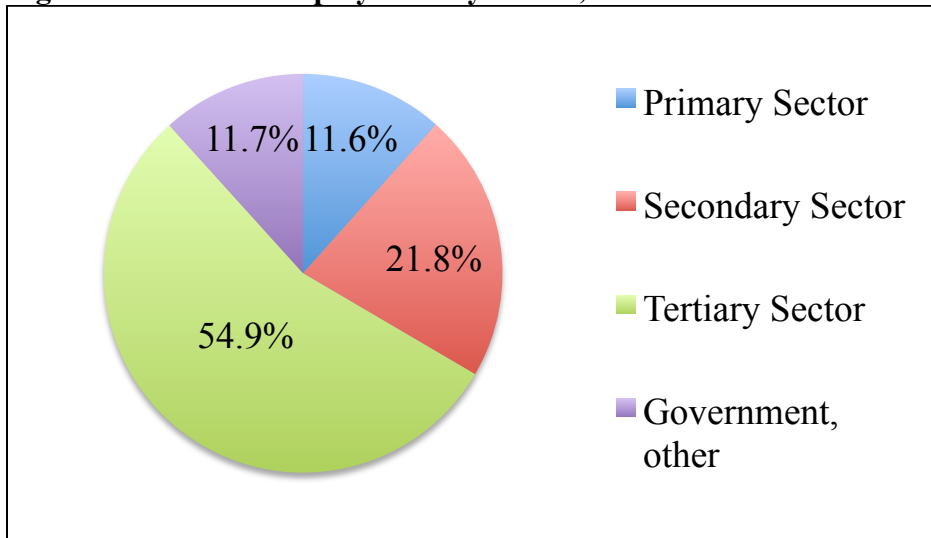
Note: Data taken from <http://www.inegi.org.mx/est/contenidos/proyectos/cn/bs/tabulados.aspx>. Amounts shown in millions of current Mexican pesos. The food processing industry is grouped with agriculture. The “other” category includes Energy, Media, and Government.

In terms of total employment, however, the tertiary sector (composed of commerce and services) accounts for over half of Mexican jobs (Figure 4). The secondary sector (composed of manufacturing, construction, and extractive industries, accounts for 21.8 percent of jobs, and agricultural production (the primary sector) composes 11.6 percent of jobs. It is important to note that these data exclude the informal economy, which is estimated to account for roughly 25 percent of GDP and employ close to 60 percent of the working population.¹⁷

¹⁶ As Schneider (2002) discusses, big business interests were particularly well organized in the twentieth century, through a variety of voluntary encompassing organizations that are larger, more numerous, and more active than their counterparts in other Latin American countries. However, the focus of this paper is on the organizations whose members are primarily small business owners. The largest organizations for small business are the national confederations of chambers of commerce and industry, formed in a top-down manner by the post-revolutionary state in 1917 and compelling mandatory membership for all Mexican firms in these sectors until 1997.

¹⁷ See: <http://www.jornada.unam.mx/ultimas/2014/07/30/economia-informal-contribuye-en-26-del-pib-de-2003-a-2012-reporto-inegi-4864.html>

Figure 4: Mexican Employment by Sector, 2015



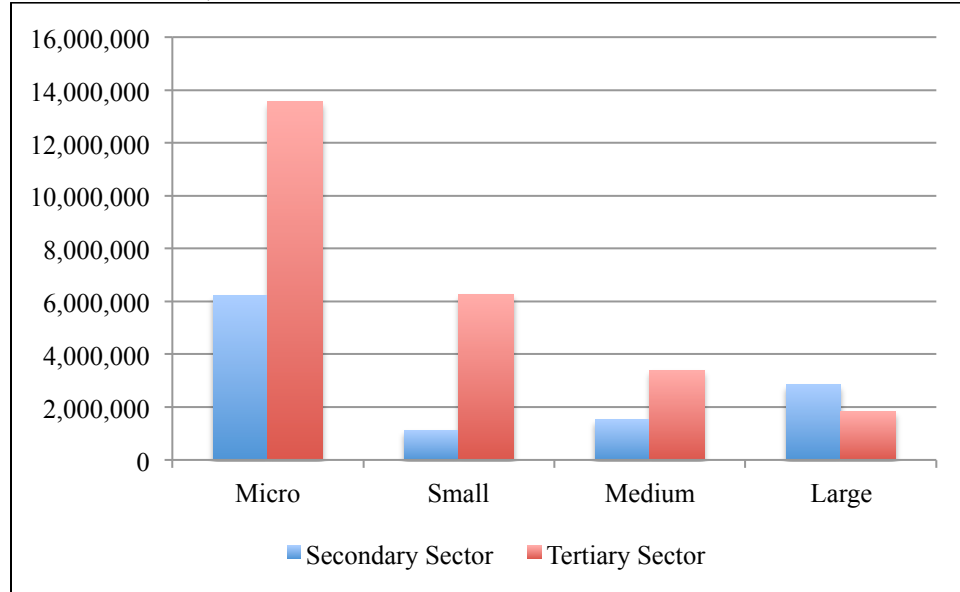
Note: $N = 49,806,064$ (total formally employed population). Data taken from the http://www.inegi.org.mx/est/lista_cubos/consulta.aspx?p=encue&c=4 (Encuesta Nacional de Ocupación y Empleo, Instituto Nacional de Estadística y Geografía) and correspond to the first quarter of 2015. Primary sector refers to agricultural production; secondary sector refers to manufacturing, construction, and extractive industries; and tertiary sector refers to commerce and services.

Finally, as shown in Figure 5, the vast majority of Mexicans employed in the secondary and tertiary sectors work in microenterprises or small firms.¹⁸ Altogether, 27.2 million Mexicans work in these two sizes of firms (73.9 percent of the secondary and tertiary sectors combined), with 19.8 million working in microenterprises of fewer than ten employees, many of which are self-operated family businesses.

From these data, we can draw two main conclusions. First, while agriculture takes a backseat to the secondary and tertiary sectors, both in terms of economic production and employment, we can still say that both of these sectors are core components of the Mexican economy. Second, the vast majority (33.7 million or 67.6 percent) of those formally considered to be employed in Mexico labors in agriculture or micro to small-sized firms, the types of economic establishments that are typically disadvantaged in economic policy compared with large corporate interests. Thus, the ability of organizations assembling these economic establishments to represent their interests in economic policy is of fundamental importance.

¹⁸ The Mexican statistical bureau defines micro-enterprises as those with ten or fewer employees; small firms as those with 11 to 50 employees in the industrial and service sectors and 11 to 30 employees in the commercial sector; medium firms as those with 51 to 250 employees in the industrial sector, 31 to 100 employees in the commercial sector, and 51 to 100 employees in the service sector; and large firms as those with over 250 in the industrial sector and over 100 in the commercial and service sectors. See: http://www.inegi.org.mx/est/contenidos/espanol/proyectos/censos/ce2009/pdf/M_PYMES.pdf.

Figure 5: Mexican Employment in Secondary and Tertiary Sectors by Size of Establishment, 2015



Note: $N = 36,734,293$ (total population formally employed in secondary and tertiary sectors). Data taken from http://www.inegi.org.mx/est/lista_cubos/consulta.aspx?p=encue&c=4 (Encuesta Nacional de Ocupación y Empleo, Instituto Nacional de Estadística y Geografía) and correspond to the first quarter of 2015.

The Parties in Mexico

The second type of comparison in this project is across three states, one governed by each of Mexico's main political parties. The three state-level parties analyzed here vary both in their participatory preferences and electoral goals. These parties, the PAN, PRI, and PRD, can be arrayed from right to left on economic development policy goals with differing preferences for interest-organization participation. The PRI was constructed in the aftermath of the Mexican Revolution and dominated electoral politics for the greater part of the twentieth century.¹⁹ While this party's hold on power was in large part constructed through corporatist pacts with interest organizations of all economic sectors, in the 1980s it undertook a transition to technocratic policymaking and clientelistic appeals to voters, often brokered through sectoral organizations embedded in the party structure. During the breakdown of one-party dominance in the 1980s and 90s, the PAN and PRD, opposition parties from the right and left, secured electoral victories in many states and the transition culminated in the PAN's presidential victory in 2000. State-level PRI administrations that faced electoral threats from the PAN or PRD often responded both by increasing inducements for core sectoral organizations to forestall defection and by intensifying the incorporation of non-core organizations. However, in the handful of states where the PRI has yet to face an electoral threat, it tends to exclude non-core organizations from policymaking.

¹⁹ The first version of this party organization, formed in 1929, was the National Revolutionary Party (Partido Nacional Revolucionario, PNR). In 1938, the Cárdenas administration incorporated four sectoral organizations into the party, creating the mass-based party structure that persisted. These sectors were constituted by hierarchical confederations of labor, rural, military, and popular organizations. In 1946, the Ávila Camacho administration recast the PRM as the PRI and the military sector was removed.

Where former dominant parties won electoral office, they faced an ongoing electoral threat from the PRI and the dual challenges of consolidating a party base among core organizations while reaching out to non-core organizations to broaden their electoral appeal in ensuing elections.

The state cases under study are Estado de México, Jalisco, and Michoacán, governed by the PRI, PAN, and PRD, respectively. In Estado de México, the PRI maintains electoral dominance and is thus free to pursue its participatory preferences corresponding to long-term electoral goals. In the latter two states, opposition parties unseated the PRI, the PAN in Jalisco in 1995 and the PRD in Michoacán in 2001. These administrations are charged with consolidating ties to their base while at the same time broadening their support among non-core groups to secure reelection in the face of persistent challenges by the PRI.

The PRI in Estado de México

The PRI presents a challenge to the definition of core organizations. The party retains longstanding ties to a broad array of popular-sector organizations that have remained incorporated into the party for several decades through its sectoral system, despite the fact that the party's national leaders have pursued development policy goals that are in conflict with those of the organizations since the 1980s. However, PRI-affiliated labor unions and peasant organizations certainly classify as core under the organizational overlap criterion, as these organizations constitute elements of the party itself. Owing to this programmatic disparity, the PRI is the party whose ties to core organizations are most fundamentally about the allocation of patronage. In this study, the CNC is the only organization that I classify as core for the PRI. This rural confederation is constructed on the skeleton of groups of smallholder farmers known as *ejidos*, but also includes many non-farmer elements. The CNC's mandate to win rural votes for the PRI, typically by brokering patronage goods, often supersedes its efforts to represent small-scale farmers' interests in policymaking. The PRI's participatory preference for the CNC is characterized by a high level of incorporation in the distributive arena, following a clientelistic logic, and middling incorporation in programmatic politics. Where dominant, as in Estado de México, PRI administrations are free to pursue rural development strategies favoring large-scale producers in the programmatic arena, while continually reinforcing clientelistic ties to the CNC through preferential allocation of distributive programs.²⁰

This study analyzes two types of organizations that are non-core for the PRI—dissident agricultural organizations and small-business organizations. Dissident agricultural organizations are those that oppose the PRI on two counts—concerning its mode of top-down control of rural organization and its promotion of an export-led model of rural development that favors large-scale farmers. I pay the greatest attention to two dissident agricultural confederations, ANEC, and the CCC, but also briefly discuss others. Many of these organizations were formed in the 1980s and 1990s, either by CNC defectors or other rural communities and some organizations' members are not uniformly agricultural. While dissident organizations steadfastly declare partisan autonomy, many sympathize with the PRD, with variation in whether they openly declare their alignment in particular elections. PRI administrations typically prefer to exclude

²⁰ Such ongoing allocation of benefits to core organizations is similar to the practice that Díaz-Cayeros, Estévez, and Magaloni (2012b, 104) describe in the context of vote buying, wherein “politicians deliver goods to gain their client’s loyalty, which...is endogenous or conditional on the supply of benefits.”

these organizations from both programmatic and distributive politics and this outcome prevails in the Estado de México.

The other non-core sector for the PRI that I analyze includes small-business organizations, focusing on state and local bodies belonging to three large confederations: Confederation of the National Chambers of Commerce (CONCANACO National Chamber of the Manufacturing Industry (CANACINTRA), and the Patronal Confederation of the Mexican Republic (COPARMEX). While these organizations are consistently true to their nonpartisan statutes, below I argue that they belong to the core constituency of the center-right PAN, an assertion that is most obvious in the case of COPARMEX, which has opposed the PRI's mode of economic stewardship and interest representation since its founding. The PRI's participatory preference for these business organizations is exclusion from both policy arenas. However, given business organizations' prestige in the community it behooves any government to at least superficially grant them spaces to express their programmatic policy preferences, lest they otherwise turn to critical media campaigns, thus often leading to consultative (medium) programmatic incorporation, as I find in the Estado de México.

The PAN in Jalisco

Owing perhaps to its middle-class base and its historical aversion to the PRI's patronage tactics, the PAN is the party whose ties to core organizations—business organizations in this study—are most characterized by programmatic participation. Organizations of small- and medium-sided business owners—most famously COPARMEX—played a founding role in this party and have helped establish the party's economic policy platform, based on an opposition to land reform, union-friendly labor policy, and expropriations. Even today, PAN administrations find themselves in agreement with business chambers and other business actors concerning goals for business policy. On the local and state levels, PAN administrations and business chambers share the goal of creating a profitable environment for formal-sector small and medium businesses—upholding regulations against informal-sector competitors, attracting foreign investment and industrial firms prone to subcontracting with local firms, and investing in infrastructure to accelerate the growth of business clusters. In an attempt to consolidate their place within the PAN, this party's three administrations in Jalisco have consistently incorporated business organizations at high levels in programmatic policies, often nominating their leaders to ministerial posts and delegating aspects of policy design. In the distributive realm, the state government has only incorporated small-business organizations at a medium level, preferring to use small-business subsidies for projects that appeal to broader populations by directly delivering small subsidies to business owners, building industrial parks, or organizing conventions.

The rural organizations studied here—the CNC and dissident organizations—are non-core organizations for the PAN, and given the remote possibility of gaining their electoral support, PAN administrations in Jalisco prefer to exclude these organizations from both policymaking arenas, despite their electoral threat. However, given the extraordinary political power wielded by the CNC, these administrations have permitted the superficial participation of this confederation in consultative councils. Disfavoring these organizations in distributive allocation, PAN administrations prefer to administer these programs technocratically—honoring the formula-based distribution criteria, and avoiding the practice of coopting local organization leaders through patronage bargains. However, where the PAN administration has encountered agriculture organizations with a predisposition to the entrepreneurial production model and a

lack of ties to the PRI or PRD, they have been incorporated to a medium degree in distributive politics.

The PRD in Michoacán

Like the PAN, the PRD's relationship to interest organizations is shaped by its position as a former opposition party, and it likewise faces the challenge of constructing a party base among organizations that have previously engaged with PRI politicians. However, the PRI also has the distinction of having been born from a split in the PRI and many of its leaders are accustomed to PRI-style patronage tactics. Thus, the PRD has been wrought with internal dilemmas pitting the project of constructing a programmatic leftist party against the well-honed tactics of cooptation and clientelism. With the exception of Mexico City (Distrito Federal), PRD governments have consistently been under threat from the PRI and therefore have been charged with the dual challenges of consolidating ties to popular-sectors core organizations while also reaching out to non-core groups whose support may be pivotal in upcoming elections. Dissident agricultural organizations, ANEC and the CCC, are the core organizations for the PRD that I analyze. These organizations share the PRD's opposition to the liberalization of agricultural markets, the withdrawal of state supports for small-scale farmers, and the PRI's corporatist practices. The CCC has overtly declared its affiliation with the PRD, while ANEC's ties to this party (and its offshoot MORENA) are similar to the relationship between COPARMEX and the PAN—clear affinity, but with formal nonpartisanship. ANEC's president has been a federal deputy with the PRD and was tabbed by the PRD's 2012 presidential candidate as the prospective Secretary of Agriculture. PRD administrations in Michoacán have sought to incorporate dissident agriculture organizations at a high level in both programmatic and distributive policies.

Non-core organizations for the PRD analyzed here include the CNC and business organizations. These two types of organizations present significant contrasts—the former is poor, rural and patronage seeking, and the latter is middle-class, urban, and programmatic. As in the case of the PAN in Jalisco, the PRD in Michoacán invited the CNC to participate in consultative councils without paying heed to its input, constituting a medium degree of programmatic incorporation and excluded this confederation from distributive politics. Finally, the PRD's participatory preference for business organizations is exclusion from both policymaking arenas. However given business organizations' elevated structural and instrumental power, PRD administrations have found that their electoral and economic development goals are best served by granting consultative programmatic participation to such organizations, in order to prevent capital flight or damaging media campaigns.

VII. Organization of this Study

This study is organized in six chapters. Chapter 2 takes a longer historical perspective, analyzing aspects of Mexico's late-twentieth century economic and political transitions that produce the party and interest organization landscape in the post-transition period. Regarding the economic transition, I identify three key economic reforms: PROCEDE, an agrarian reform permitting the privatization of collective landholdings (1992); the adoption of NAFTA, a free-trade agreement that drastically altered the terms of economic competition for agricultural producers and small firms (1994); and the reform of the Law of Chambers (1997), which

removed the mandatory membership requirement for business chambers. These reforms had important implications for the collective-action challenges faced by organizations in these two sectors and, ultimately, on their demand-making priorities. Specifically, agricultural organizations shifted from agents for land claims to intermediaries for government benefits, while also undergoing a process of fragmentation. Business organizations were newly confronted with the need to recruit members, but also granted concessions by the state to aid in this process.

In my discussion of the electoral transition, I show how the three major parties developed participatory preferences—defined by their core and non-core organizations and preferred modes of incorporating these organizations into policymaking. The ascendancy of the PAN from the right and the PRD from the left, and the contemporaneous shift in the once-dominant PRI—from a corporatist party of the masses to a clientelist catch-all party—shaped each of these parties’ approaches to forming linkages with agricultural and business organizations.

The remainder of the study analyzes the factors that shape the policy participation of these organizations following the transition to multi-party competition. Chapter 3 takes the organization’s point of view, showing how organizations’ capacity for autonomous collective action shapes their demand-making strategies. I first conduct process tracing on four organizations—two in each sector, one each that is fundamentally distributive oriented and another that combines programmatic demands with distributive demands. Through these case studies, I show how organizational traits, mobilization strategies, and demand type compose two equilibria of policy participation, paying particular attention to the process that leads distributive-seeking organizations to become embedded in the patronage trap. I then analyze data from an original survey of organizations in both sectors across all 32 Mexican states. This analysis provides broader evidence that organizations’ ability to solve their membership challenges autonomously by offering desirable services to members is significantly associated with the breadth of their modes of mobilization (institutional, contentious and electoral) and, ultimately, the degree to which they levy programmatic policy demands.

Chapter 4 takes the perspective of the state—and the political parties that hold state power—discussing the factors that shape these administrations’ *incorporation strategies*, that is, their approaches to incorporating interest organizations in programmatic and distributive policymaking. First I lay out the participatory preferences of the three main parties in Mexico, describing the interest organizations that classify as core and non-core for each and the routine modes by which the parties interact with them. Then, I combine secondary sources with field-research data—focusing on the state-level affiliates of the six confederations—to analyze how the electoral goals of post-transition administrations in Estado de México, Jalisco, and Michoacán, led these governments to incorporate core and non-core constituencies in policymaking. The dominant PRI administration in Estado de México, free to pursue its participatory preference, incorporated its core peasant confederation to a high degree in distributive politics, while excluding non-core organizations from both types of policies. The former opposition parties governing under threat in Jalisco and Michoacán attempted to consolidate ties to core organizations by developing institutions to incorporate them into programmatic politics, while reserving distributive benefits to gain an electoral foothold among pivotal non-core groups.

Chapter 5 tests my argument regarding the effect of electoral competition on ruling party’s strategies for incorporating interest organizations in distributive policy, focusing on the small-business sector. I analyze an original dataset of all projects funded by Fondo PyME, a

decentralized small-business subsidy program that offers state governments the option of mediating benefits through business organizations. Evidence from multivariate regressions demonstrates that PAN governments—for whom small-business organizations are core—allocate more benefits to these organizations when their hold on power is secure, while PRI governments—for whom business organizations are non-core—increase allocations to these organizations when they face an electoral threat. I also conduct case studies detailing the involvement of business organizations in distributive spending in four states: Jalisco, where the PAN governs under threat from the PRI; Guanajuato, where the PAN governs without an electoral threat; Puebla, where the PRI governs under threat from the PAN; and Estado de México, where the PRI governs without an electoral threat.

Finally, chapter 6 summarizes the main findings and discusses their implications for development policy. I suggest that policymakers interested in bolstering societal engagement in policymaking should design programs to help organizations generate the service-provision capacity necessary to recruit and mobilize members without depending on government handouts. I also discuss how my theory might travel to other countries that are different from Mexico, either in terms of their party systems or organizational landscapes.

Chapter 2: Antecedent Conditions of Interest Representation in the Agricultural and Small-Business Sectors

I. Introduction

Before embarking on my analysis of interest representation in the contemporary, post-transition scenario in the next three chapters, in this chapter I detail the elements of the transition itself that produced the economic and political scenario in which this study is situated. This study's central argument is path dependent, as I show that organization's modes of policy participation were "locked in" to different equilibria during critical junctures defined by the advent of electoral competition on the state level. Thus, this chapter serves to establish the antecedent conditions that shaped the dynamics of this pivotal moment. I describe the roots of two variables that shaped organizations modes of participation interest organization in policymaking: (1) the challenges to collective action of post-transition organizations, having to do with their membership and financial conditions, which are the resources at their disposal to recruit and mobilize members; and (2) the participatory preferences of the three major parties, which establish the groups of organizations that belong to the core and non-core constituencies for these parties and parties' participatory preferences for each.

I begin this chapter by briefly discussing modes of interest representation in the agricultural and small-business sectors during the mid-century period of PRI dominance. In the aftermath of the Mexican Revolution (1910-1917), the incoming regime established a unique brand of electoral dominance that was based on the incorporation of societal interests into the ruling party through corporatist sectoral organizations. Mexico's popular incorporation was the most complete in the region, as Venezuela's Democratic Action (AD) party was the only other major populist party in the region to incorporate both labor and the peasantry; others were limited solely to labor (Collier and Collier 1991, 196–270).²¹ While the peasantry was incorporated into the ruling party through the National Peasant Confederation (Confederación Nacional Campesina, CNC), corporatist ties to business were constructed through state-created confederations of chambers of commerce and industry, which were mandated to be non-partisan. The relationship between the one-party state and these peak level associations can be described as state corporatist, in which non-competitive peak-level confederations were "created by and kept as auxiliary and dependent organs of the state, which founded its legitimacy and effective functioning on other bases" (Schmitter 1974, 102–103). Through these corporatist ties, organizations enjoyed significant "inducements"—state subsidy and mandatory membership and political representation through nominations of leaders—while also being subject to sharp "constraints"—limitations on the their internal governance and demand making (Collier and Collier 1979). However, top-down coercion was less complete in the business sector, as chambers enjoyed greater autonomy owing to their position outside the party, yet still exercised influence (unevenly) over economic policy through their sizable structural power (Schneider 2004, 60–66).

²¹ Bolivia's Revolutionary Nationalist Party (MNR) attempted a similar process of incorporating labor and peasant organizations following the 1952 Revolution. This process was aborted, however, with the 1964 military coup of René Barrientos.

The remainder of the chapter describes the implications of dual transitions—from state-led development to market-led development and from one-party dominance to multi-party competition—for the collective-action capacity of agricultural and business organizations and for the three major political parties' approaches to incorporating these organizations into policymaking. My discussion of the shifting economic model places emphasis on three pivotal reforms: the 1992 reform of Article 27 of the Constitution, establishing the basis for individual land tenure, therein abolishing the CNC's monopoly over peasant land; the 1997 reform to the Law of Chambers, which removed the mandatory membership requirement, leading to a severe retraction of business chamber membership; and the 1994 entry into the North American Free Trade Agreement (NAFTA), which introduced formidable competition for small-scale farmers and small firms, inducing organizations in both sectors to adopt demands responding to new economic challenges faced by their membership bases.

Finally, I describe the changing electoral landscape, typified by the dominant Institutional Revolutionary Party's (Partido de la Revolución Institucional, PRI) shift away from a corporatist sectoral organization to a clientelist catch-all party and the ascendance of opposition parties on the left—the Party of the Democratic Revolution (Partido de la Revolución Democrática, PRD)—and on the right—the National Action Party (Partido Acción Nacional, PAN). While the electoral transition reached its climax with the 2000 presidential victory of the PAN's Vicente Fox, these opposition parties had chipped away at subnational PRI rule with gubernatorial victories as early as 1989. During this period, the PRI deemphasized corporatist ties and the party-incorporated CNC experienced a reduction in its access to policymaking, while retaining its role as a patronage network; and non-party-incorporated business chambers saw their role in economic policymaking supplanted by big business. PAN administrations courted chambers and other business organizations by offering electoral and ministerial posts to business leaders and creating small-business support programs that operated through these organizations. And the PRD took up the mantle of small-scale farmers by forging alliances with dissident rural organizations and promoting an anti-free trade agenda and the reinvigoration of state support for the countryside.

II. Rural Organizing During PRI Hegemony

Mexico's post-revolutionary state embarked on an unprecedented—for the region—project of incorporating popular sectors into the ruling party, which was organized into three sectoral confederations by President Lázaro Cárdenas in 1938 (Hardy 1984, 27–32) corresponding to labor, peasants, and the military.²² The CNC, the largest component of the rural sector, had a pyramidal structure whose geographic base was the *ejido*. These collective landholdings of peasants (with private appropriation) were compelled by Article 27 of the 1917 Constitution, which promised agrarian reform in line with demands of the Zapatista movement;

²² Each of these sectors is composed of various national confederations, but labor was dominated by the Mexican Workers' Confederation (Confederación de Trabajadores Mexicanos, CTM), and the peasant sector by the National Peasant Confederation (Confederación Nacional Campesina, CNC). Ávila Camacho, Cárdenas' successor, modified the sectoral structure, removing the military sector and replacing it with the National Confederation of Popular Organizations (Confederación Nacional de Organizaciones Populares, CNOP), a residual and mostly middle-class sector, including state-employee unions, small landholders, and others.

however, redistribution of land was not accomplished on a large scale until Cárdenas' term, through a process that served both to economically empower Mexico's peasantry and create institutions of social control of the countryside (Collier and Collier 1991, 232–236).

Subsequent administrations departed from Cárdenas' rural populism, vastly reducing the scale of land redistribution and promoting the interests of the relatively better-off rural smallholders over those of landless peasants and *ejidatarios*.²³ Weakened as an agent in land claims, the CNC shifted its appeal to peasants to intermediating state agricultural supports.²⁴ During this period of important-substitution industrialization (1940s to 70s), however, the interests of smallholder farmers were subordinated to those of the growing urban working class. While the state instituted a series of programs to guarantee a basic standard of peasant profitability—including a centralized buying operation with price guarantees (CONASUPO), subsidized credit for farmers (BANRURAL), and subsidized crop insurance (ANAGSA)—post-Cárdenas administrations privileged larger more productive producers and had neglected to invest in the irrigation systems, storage and transportation infrastructure, and production machinery that would provide for the competitiveness of the peasant sector (Gordillo 1988, 32–68; Hewitt de Alcántara 2007;).²⁵

Discontent with these failings came to a head in dissident rural movements in the 1960s and 70s, leading to the fragmentation of peasant organizations, as the Independent Peasant Central (Central Campesina Independiente, CCI) and Independent Workers and Peasants Central (Central Independiente de Obreros and Campesinos, CIOAC) broke off from the CNC (Hardy 1984, 36-46). The CNC persisted, however, as the weakest of the PRI's sectors, and the brokerage outfit through which Mexico's peasants accessed supports doled out the by the one-party dominant state.

III. Business-State Ties during PRI Hegemony

The incorporation of business chambers into the PRI's post-revolutionary corporatist system was more immediate, yet less restrictive than the case of the peasants. In 1917, during the wind-down of the 1910 Revolution, Venustiano Carranza's administration adopted a Law of Chambers that set the basis for the establishment of two confederations of business chambers—the Confederation of the National Chambers of Commerce (Confederación de Cámaras Nacionales de Comercio, CONCANACO) and the Confederation of Industrial Chambers of the United States of Mexico (Confederación de Cámaras Industriales de los Estados Unidos Mexicanos, CONCAMIN).²⁶ In a context where the economic elite was threatened by the 1917

²³ For instance, Ávila Camacho increased the size of landholdings that were considered small (and thus immune from expropriation), to 200 hectares and introduced the *ámparo* for landholders, a legal process to forestall expropriation (Hardy 1984, 80–81).

²⁴ Objecting to the CNC's perceived conciliatory posture regarding these changes, a faction broke off in 1947, eventually joining labor factions departing the CTM in the UGOCM (Hardy 1984, 34-36). UGOCM has since broken into multiple factions, the largest of which (UGOCM-Jacinto López) reintegrated into the PRI's peasant sector in 1976.

²⁵ For a summary of the various government programs that supported peasant production in the pre-reform period, see Fox (1992b, 88–116) and Grindle (1977).

²⁶ CONCANACO has a two-level structure, consisting of local chambers of commerce (of which there are today 254) and the national confederation. CONCAMIN is a looser confederation of both national and local chambers,

Constitution's promise of agrarian reform and extension of union organizing rights, these confederations were designed as peak-level consultative bodies to provide for the representation of private-sector interests in economic policy (Juárez González 1989, 259–262). Reforms to the Law of Chambers in 1936 and 1941 established mandatory membership requirements, compelled all chambers of commerce and industry to incorporate into the CONCANACO and CONCAMIN, and required that business organizations be non-partisan (Alcázar 1970; M. Luna 1995, 78–79; Schneider 2004, 60–66). The post-Revolutionary reforms for the first time organized chambers into peak-level structures, capable of engaging with (and being controlled by) the national government, and secured a mass membership.²⁷ However, business organizations were never incorporated into the PRI as were unions and peasants, and thus had slightly greater autonomy.

Throughout the twentieth century, ties between these chambers and the state served the dual purposes of channeling business demands and securing private-sector sanction for economic policies. If CONCANACO and CONCAMIN were initially conciliatory with the state—evidenced for instance in their acquiescence to the establishment of the income tax in 1924—their rapport with PRI administrations ebbed and flowed throughout the twentieth century. State-business relations were particularly antagonistic during Cárdenas' presidency, owing to his promotion of union organizing and private-sector disapproval of the agrarian reform and expropriations of foreign-owned businesses, viewed as threatening to property rights. This discontent found expression in the Patronal Confederation of the Mexican Republic (Confederación Patronal de la República Mexicana, COPARMEX), an organization of employers formed in 1929 by businessmen in the northern industrial city of Monterrey and in the National Action Party (Partido Acción Nacional, PAN), a right-wing political party founded in 1939 through a coalition of business owners and Catholic intellectuals (Juárez González 1989, 265–270; Loaeza 1999, 105–112; Mizrahi 2003, 17–22).

Business-state harmony rebounded during post-Cárdenas administrations that were more attentive to balancing business and popular-sector interests. However, organized business once again publicly censured populist PRI governments in the 1970s and 80s, and in 1976 CONCANACO, CONCAMIN, COPARMEX and other groups created the Business Coordinating Council (Consejo Coordinador Empresarial, CCE)²⁸ establishing a united opposition to policies by the Echeverría (1970-1976) and Lopez Portillo (1976-1982) governments that were threatening to business interests, including the promotion of a peak labor

both industry-wide and sector-specific. Today the largest national organization of industrial firms is the National Chamber of the Industry of Transformation (Cámara Nacional de la Industria de Transformación, CANACINTRA), formed in 1941 from within CONCAMIN and today with delegations in every state, except Jalisco and Nuevo León, which have regional industrial chambers.

²⁷ The Mexico City Chamber of Commerce, founded in 1874, was the most important precursor of business organizing in Mexico and chambers were constituted in several other cities in the pre-Revolutionary period (Juárez González 1989, 256).

²⁸ Other founding members of the CCE include the Mexican Association of Insurance Institutions (Asociación Mexicana de Instituciones de Seguros, AMIS), Mexican Council of Businessmen (Consejo Mexicano de Hombres de Negocios, CMHN), National Agricultural Council (Consejo Nacional Agropecuario, CNA), and Association of Mexican Banks (Asociación de Bancos de México, ABM). All but CONCANACO, CONCAMIN, and COPARMEX are elite, big-business led groups, most prominently the CMHN, analogous to the Business Roundtable in the United States.

organization, a revival of agrarian reform, and the nationalization of the banking sector (Collier 1992, 93–97; Schneider 2004, 81–84).

IV. The Shifting Rural Development Paradigm and Consequences for Rural Organizing

Following the 1982 economic crisis, state agricultural institutions such as CONASUPO and BANRURAL were dismantled, weakening the appeal of the CNC to the peasantry, as it had been the intermediary for these programs (Hewitt de Alcántara 2007, 90–91). These programs were replaced by two new types of support designed to deliver benefits directly to individuals, therein circumventing rural organizations: compensatory subsidies and social-development programs. The former were designed to cushion the blow of NAFTA; the largest program of this type was PROCAMPO, a program adopted in 1994 that offered set payments per hectare produced (Fox and Haight 2010b, 17–18).²⁹ The latter, operated by the Ministry of Social Development (Secretaría de Desarrollo Social, SEDESOL), prominently featured PRONASOL during the Salinas administration (1989-1994) and PROGRESA (the precursor to Oportunidades) during Zedillo’s presidency (1995-2000). PRONASOL was the overarching structure for a variety of development interventions for marginalized communities, ranging from infrastructure to health clinics and was notoriously vulnerable to electoral manipulation, as the federal government strategically allocated benefits to preserve subnational PRI rule (Diaz-Cayeros, Estévez, and Magaloni 2012b, chap. 4; Molinar Horcasitas and Weldon 1994). Reforms by the Zedillo administration decentralized discretionary support programs while revolutionizing the federal anti-poverty approach through the adoption of the conditional cash-transfer program PROGRESA.³⁰

As a result, while state spending in the countryside has remained relatively constant as a percentage of total government spending since the 1980s, the policy goals shifted drastically, from a focus on the productivist logic of supporting agricultural producers to a consumptionist logic of alleviating rural poverty. This shift has been most notable during PAN administrations. Robles and Ruiz (2012) show that between 2003 and 2012, the “competitiveness” category of rural spending (composed mainly of agricultural subsidies) decreased from 26.4 percent of total rural spending to 20.7 percent (31 billion pesos to 53 billion pesos), while social spending increased from 11.0 to 23.9 percent (13 billion pesos to 73 billion pesos). Concomitantly, rural households have come to rely much less on farm income and increasingly on government transfers and non-farm income. From 1992 to 2004, the share of total income generating from agricultural production for the typical Mexican household decreased from 37.7 to 17.3 percent,

²⁹ Procampo was originally formulated as a temporary measure, set to expire in 2009, 15 years after entry into NAFTA. However, the Calderón administration chose to continue payments, acknowledging that the small-scale agricultural sector had yet to reach competitiveness and that revocation of these supports would be hugely unpopular (Palmer-Rubin 2010, 17). While reports certainly exist of the electoral conditioning of Procampo payments, and the role of the CNC in brokering the inclusion of workers on the beneficiary list, the program’s operation leaves no space for organizational mediation, as it delivers direct payments to farmers.

³⁰ For broader discussions of PRONASOL and Oportunidades, see Cornelius, Craig, and Fox (1994), Diaz-Cayeros, Estévez and Magaloni (2012b) and Hevia de la Jara (2009). For analysis in a comparative context, see De La O (2015) and Garay (2010).

while non-farm income increased from 38.3 to 54.8 percent and transfers from 12.3 to 16.6 percent (J. Scott 2010, 82).

Despite the shift to social spending in the countryside, absolute spending on agricultural subsidies has increased markedly over the past 15 years. However, the subsidies for irrigation infrastructure, machinery, and production inputs that exploded under the Fox and Calderón administrations have favored large, export-oriented producers. The second-largest agricultural subsidy (after PROCAMPO), Alianza para el Campo (Alliance for the Countryside) is an application-based “federalized” program, requiring potential beneficiaries to design projects and submit them to state-level committees that make funding decisions. While PROCAMPO is relatively immune to electoral manipulation or misappropriation—with notable exceptions³¹—Alianza para el Campo, along with several other subnational subsidy and support programs, provides ample space for discretion (Palmer-Rubin 2010). These programs reintroduced space for rural organizations to appeal to potential members through their services of designing projects, navigating bureaucratic application processes, and negotiating with ministry personnel. These negotiations, commonly referred to as *gestión*, constitute the central activity of many distributive-oriented organizations. While such programs typically are designed for individual farmers or families, they are practically impossible for small-scale producers to access in many states without a politically connected organization leader negotiation on an applicant’s behalf.

As the CNC transformed from a corporatist intermediary in the CONASUPO rural development system to an informal broker for post-transition subsidies and social programs, the confederation was confronted with a 1992 agrarian reform that further eroded its role in rural mediation. The reform of Article 27 declared that the state no longer was obligated to redistribute land, provided for *ejidatarios* to secure individual ownership, and facilitated private investment in *ejido* land (Cornelius and Myhre 1998; de Janvry, Gordillo, and Sadoulet 1997, 13–22). *Ejido* commissariats were removed from the land tenure process, and new institutions were established to grant land titles through the Program for Certification of Ejido Land Rights and the Titling of Urban House Plots (Programa de Certificación de Derechos Ejidales y Titulación de Solares Urbanos, PROCEDE). A panel survey of *ejidatarios* conducted in 1990 and 1994 (two years before and after the reform) shows that the share of farmers who sought to resolve land issues through *ejido* unions decreased from 10.8 percent to 0.8 percent over this period and that 83.8 percent of farmers reported obtaining only “purely economic benefits” through rural organizations in 1994 (de Janvry, Gordillo, and Sadoulet 1997, 115–121).³²

This reform also penetrated the CNC’s control over rural supports and investments. New landowners could now (in theory) access capital more easily by using their plots as collateral and contracting with private investors. And PRONASOL exacerbated the marginalization of *ejido* unions, by channeling benefits through new rural organizational structures called “solidarity committees.” Furthermore, the policy led to the depletion of the CNC’s base. Where *ejidatarios* were previously required to reside on and work their land to retain usufructuary rights, now they could sell or rent their land. Thousands of farmers grasped the opportunity to cash out and

³¹ The collaborative efforts of Mexican NGO Fundar, the Woodrow Wilson Center, and researchers uncovered several instances of producers receiving Procampo payments that exceeded the yearly maximum, government officials receiving benefits (against program rules), and known drug cartel members. See: Fox and Haight (2010a), Merino (2010), and Cejudo (2012).

³² The ballyhooed “end” to land redistribution to be premature, as a wave of land invasions sparked by the 1994 Zapatista movement eventually pressured the state to grant land to peasant and indigenous populations.

migrate to cities or to the United States in pursuit of higher paying jobs (de Janvry et al. 2014). In short, the CNC transitioned from a monolithic intermediary, formally vested with the responsibility to incorporate peasants into state agricultural support programs to just one of several actors in the countryside jockeying to extract distributive state benefits for a dwindling peasant population, and one whose ability to do so was highly dependent on the presence of PRI politicians in government.

Mexico's entry into the North American Free Trade Agreement (NAFTA) in 1994 constituted the climax of the transition to market-led development. While NAFTA is often credited with boosting economic growth and job opportunities in Mexico, particularly in the exploding *maquila* (foreign-owned manufacturing) sector, it furthered tilted the playing field against the peasantry. Most threatening was the massive importation of U.S.-grown corn, the commodity produced by an estimated 75 percent of *ejidatarios* in 1994 (de Janvry, Gordillo, and Sadoulet 1997, 123–125). Mexican imports of basic grains increased 130 percent from 1990 to 2011 (from 7.7 to 17.9 billion tons), while domestic production increased only 11 percent (from 25.4 to 28.3 billion tons) during the same period (Robles Berlanga 2014, 19–20). The dumping of highly subsidized U.S.-grown corn in Mexico has been estimated to have caused a 66 percent decline in real prices for Mexican corn producers (Wise 2010, 19–23). Small-scale farmers that have successfully weathered NAFTA have either transitioned to higher-value crops, such as table vegetables, avocados, or coffee or have joined cooperative commercializing outfits that negotiate higher prices for grains and offer training and access to resources to improve yields.³³ Meanwhile, a handful of industrialized rural producers benefitted from the expansion of their consumer base at the same time that the organizations that represent these export-oriented producers—the National Agricultural Council (Consejo Nacional Agropecuario, CNA) and National Ranchers' Confederation (Confederación Nacional Ganadera, CNG) ascended to the most influential non-state actors in shaping rural development policy through their leadership role in NAFTA negotiations (Carton de Grammont 1996).

In the context of transitions to market-led growth and multi-party competition, rural organizations fragmented, adopting diverse strategies of collective action and demand making. Many local CNC structures and members of dissident peasant confederations restrict their activities to *gestión*, extracting benefits from the state, often through a dependent alliance with a political party. These organizations usually limit their political participation to electoral campaigns and attract, retain, and mobilize members through selective allocation of benefits mediated by the party leaders. As non-agricultural rural employment has boomed, often only a small percentage of these organizations' members produce crops. Other organizations, however, are more centrally concerned with production, providing services to improve the profitability of their members and engage in a diverse set of mobilization strategies, featuring lobbying and protest, often while maintaining a non-partisan stance.

However, in episodic moments of protest, these two types of groups have come together in large-scale social movements, the largest of which erupted in 2002 under the label of El Campo no Aguanta Más (The Countryside Can't Take it Anymore). This movement listed a set of demands oriented to secure the economic sustainability of small-scale farming, including a moratorium on the agricultural terms of NAFTA, the construction of a new state rural financial

³³ Among the rural “winners” of NAFTA, avocado producers in the state of Michoacán stand out. An organization of producers in this state successfully lobbied for a monopoly of avocado exports to the United States.

institution, and an increase in the percent of the federal budget allocated to production supports (Bartra 2007). This movement culminated in an agreement with the Fox administration—the National Agreement for the Countryside (Acuerdo Nacional para el Campo)—which promised to increase budgets for support programs, privileging producer organizations’ role as intermediaries. However, the state’s refusal to respond to the more transformative demands creating to a schism in the movement, with several organizations, led by UNORCA, refusing to sign. Critics claimed that late incorporation of the CNC into negotiations hijacked the movement to push for larger allocations for use in clientelistic strategies (Bartra 2007).

As much as economic transition, electoral transformation altered the playing field for rural interest organizations. The 1988 presidential election and the ensuing creation of the Party of the Democratic Revolution (Partido de la Revolución Democrática, PRD) spurred the formation of new rural organizations, composed mainly of dissident factions of the CNC that had broken off in previous years. Discontent with PRI rule, both owing to the withdrawal of agricultural supports and this party’s practice of controlling and coopting rural organization through the monopolistic CNC, dissident peasant organizations rallied at the possibility of a new interlocutor, many campaigning on behalf of Cuauhtémoc Cárdenas, the presidential candidate in 1988 who would go on the next year to found the PRD.

While only the Democratic Peasant Union (Unión Campesina Democrática, UCD), formed in 1988 by PRD operatives, declared an overt party alliance, several formally non-partisan national confederations of rural organizations emerged or revived in the late 80s and 90s as PRD allies. Some of the largest included: the Cardenista Peasant Central (Central Campesina Cardenista, CCC), Independent Central of Agricultural Workers and Peasants (Central Independiente de Obreros Agrícolas y Campesinos, CIOAC), National Association of Commercializing Firms of Rural Producers (Asociación Nacional de Empresas Comercializadoras de Productores del Campo, ANEC), National Confederation “Plan de Ayala” (Confederación Nacional Plan de Ayala, CNPA), and the National Union of Regional Autonomous Peasant Organizations (Unión Nacional de Organizaciones Regionales Campesinas Autónomas, UNORCA) (Carton de Grammont and Mackinlay 2006).³⁴

These confederations pursue a spectrum of political strategies. CIOAC and CNPA, founded in the 1970s, espouse a socialist discourse and once had ties to socialist parties; UNORCA, founded in 1985, is vehemently autonomous (non-partisan) and demands state action to make peasant production sustainable in the context of neoliberalism; and the CCC, ANEC, and several others, consolidated in the aftermath of the 1988 election have some degree of electoral ties to the PRD or other left-wing parties.³⁵ In the neoliberal environment, however, the programmatic demands of these groups are quite similar, as reflected in their cooperation in the El Campo no Aguanta Más movement.

What has varied—and created confrontations—is the steadfastness with which these organizations pursue programmatic goals over the extraction of distributive benefits and relatedly, the extent to which they become embedded in party alliances. Among national peasant organizations, ANEC is unique in its promotion of a specific economic model—the cooperative

³⁴ El Barzón is another organization with a large rural presence, but also including middle-class urban elements. This organization emerged following the 1994 economic crisis and peso devaluation, demanding debt forgiveness for farmers and homeowners whose debt obligations were compounded by the crisis (Carton de Grammont 2001).

³⁵ See García Ponce (2009) and Suárez Carrera (2011) on the histories and platforms of the CCC and ANEC, respectively.

commercializing firm—and has several state-level affiliates that combine this productive model with programmatic demand making concerning agricultural budgets, trade policy, and the provision of benefits for small-scale farmers (Appendini 2003, 266–269). ANEC has maintained a formal non-partisan stance. However its founder and highest authority has been a member of congress with the PRD and was tabbed by 2012 presidential candidate Andrés Manuel López Obrador as Secretary of Agriculture if he had won. CCC is the largest dissident rural organization and is most active in delivering agricultural and social-development subsidies to its members, but its involvement in state-level programmatic policies varies by state. While the CCC has from its beginnings declared non-partisanship, while often campaigning on behalf of the PRD, the central departed from its non-partisan stance in 2011, forming an overt alliance with the Nueva Izquierda (New Left) faction of the PRD. While the national models of the CCC and ANEC present differences, the variation among state-level affiliates of each are at least as sizable, as local organizations of each are more or less embedded in party politics and more or less prepared to engage in programmatic demand making.

Finally, the CNC has persisted as the PRI's rural sector throughout the period of electoral competition. In states where the PRI has lost the governorship, the CNC has hemorrhaged members, many flocking to dissident groups, particularly if the PRD rules and favors these groups in resource allocation. However, the CNC today is much less a representative of smallholder agricultural interests than a rural campaign operation and patronage network for the PRI; unlike dissident organizations, the CNC gave sanction to the 1992 land reform and the agricultural clause of NAFTA (Mackinlay 1996). During the twelve years of national PAN rule—2000-2012—the CNC's clout declined further; while maintaining a foot in government through dozens of congressional seats that the PRI grants to CNC leaders. At the same time dissident organizations experienced a marginal increase in their access to state decision makers. It was Fox who sat down at the negotiating table with the El Campo No Aguanta Más movement—which was joined at the last minute by the CNC—and agreed to the Acuerdo Nacional para el Campo (National Agreement for the Countryside). However, the most notable aspect of PAN administrations' rural development policies was the promotion of export-oriented producers capable of competing on international commodity markets and the middling attempt to support small producers by subsidizing commercializing cooperatives, while often failing to provide institutions in the productive chain for these actors to bring their products to market (Mestries Benquet 2007, 199–205).

V. Changes in Small-Business Development and Consequences for Organizing

While not as devastating as in the small-scale agricultural sector, free-market reforms introduced new challenges for organizing in the small-business sector as well. NAFTA and other trade agreements paved the way for multi-national corporations that would compete with locally owned firms, while benefitting certain domestic firms that were prepared to offer complementary services, such as transportation and construction and regions that were positioned to invest in manufacturing and high-tech business clusters (Alba Vega 2002; Puga 2004, 217–222). It is not difficult to identify sectors that were adversely affected by the advent of free trade. Traditional industrial sectors, such as textile and shoe manufacturers have been unable to compete with cheap Chinese imports and thousands of small commercial firms such as independent

convenience stores (*tiendas de abarrotes*) and hardware stores (*tlapalerías*) have folded in the face of competition from multinational giants like Wal-Mart and Home Depot.

With privatizations of close to 200 state-owned enterprises with a total value of over 18 billion dollars during the Salinas administration, owners of massive corporations, both domestic and multinational, became the protagonists of Mexico's development process (Puga 2004, 76–80). Where confederations of chambers had traditionally been the privileged representatives of business in economic policymaking, big business owners and executives supplanted the chambers under Presidents Salinas and Zedillo. Magnates such as Claudio X. Gonzalez (Kimberly-Clark Mexico), Carlos Slim (TelMex), Emilio Azcárraga (Televisa), and Roberto Servitje (Bimbo)—had the ear of NAFTA negotiators, both individually and through the CCE, which sided to a greater degree with the export-promoting interests of big business than the protectionist impulses of the chambers. During the Salinas administration, pro-NAFTA elements including the CMHN and the Business Coordinator for Foreign Trade (Coordinadora Empresarial de Comercio Exterior, COECE) assumed leadership of the CCE (Schneider 2004, 86–88; Shadlen 2004, 92–94). Salinas named González, a former president of CMNH and CCE, Special Adviser to the President on Economic Issues, formalizing the direct contact with the highest levels of Mexican politics that big business had enjoyed informally.

In contrast, the organizations most associated with small-business interests, CONCANACO, CANACINTRA, and COPARMEX fell in line with the CCE's pro-NAFTA posture, receiving only loose promises that the Zedillo administration would pursue policies to help small business transition into a free-market economy. CANACINTRA, which stands out from CONCAMIN for its concentration of small-industry firms, led the charge in pressing the Zedillo administration to pursue a more active industrial policy to protect and promote small firms that were struggling to compete on international markets (Johnson Ceva 1998, 139–140; Shadlen 2004, 42–43). However, Zedillo's administration was hampered significantly by the 1994 economic crisis, leading to austerity and a focus on macroeconomic stability over promotion of domestic industry and his policy measures were small and narrowly defined, such as a tariff on shoe and textile imports from countries without trade agreements with Mexico (Johnson Ceva 1998, 149–150).

Zedillo also delivered a damaging blow to small-business collective action by reforming the Law of Chambers in 1997, removing the mandatory membership requirement, which led to a precipitous decline in chamber membership.³⁶ This reform came at the behest of both anti-corporatist elements in the new PRI as well as pressure from small-business organizations such as ANIT that complained that official chambers had abandoned their interests in acquiescing to NAFTA and that the mandatory membership requirement violated business owners' freedom of association (Puga 2004, 230–234; Shadlen 2004, 103–107). Corporatist support for chambers was not completely withdrawn, however, as the 1997 law also introduced the Mexican Business Information System (Sistema de Información Empresarial Mexicana, SIEM), a database of firms that Mexican businesses were required to sign up for, at a nominal yearly charge.³⁷ Chambers were given the exclusive right to sign firms up for the SIEM, keeping one half of the fee themselves, granting a constant source of funding and an entrée to recruit firms as chamber

³⁶ For instance, Shadlen (2004, 121–122) reports that CANACINTRA's membership fell from nearly 90,000 to 15,000 in 1997, representing only five percent of industrial firms.

³⁷ While the Law of Chambers declares SIEM enrollment as mandatory, Ministry of the Economy personnel estimate that over half of Mexican formal-sector firms do not participate, in addition to all informal-sector firms.

members. Today, many chambers rely on this process as their principal source of funding and in interviews would give the number of SIEM affiliates as their membership base, which was typically two to five the size of active dues-paying chamber membership.

Following these reforms, state and federal PAN administrations assiduously courted small-business organizations. The Fox administration reinvigorated corporatist relationships with business chambers that had decayed during the nadir of PRI rule through the creation of subsidy and training programs that operated through these organizations: the México Emprende (Mexico Entrepreneur) program placed small-business support offices in CONCANACO, CANACINTRA, and COPARMEX affiliates and Fondo PyME—Fox’s flagship small-business subsidy program—included a provision allowing business organizations to design and implement projects, often retaining a portion of the benefits themselves. No longer counting on mandatory membership, chambers would now capitalize on these programs to recruit new firms through the promise of subsidized services, participation in conventions, and opportunities to meet politicians.

As a result, the past 15 years have witnessed a retrenchment of business organizations as voluntary organizations, no longer as large in membership or as influential in national policymaking as during the mid-century period, but still granted institutional spaces for participation in consultative councils and other participatory institutions at all levels of government. Chambers that have thrived are those that have placed an emphasis on providing valuable services for their members, such as training, consulting, and networking opportunities, and have established themselves as key opinion makers in state and local politics.³⁸ Chambers of Commerce commonly press for tighter enforcement of regulations against informal commerce, infrastructure and transportation improvements, and transparency in government contracting. Chambers of Industry encourage investment in industrial parks and active industrial policies.³⁹ Chamber leaders typically enjoy direct access to governors and cabinet members and are often nominated to run for executive office.

COPARMEX, in contrast, is known to be more autonomous and critical of government action. Since its initiation as an agent of employers’ interests in labor matters, COPARMEX has broadened its mandate to promote policies identified as central to democratic strengthening and economic growth, positioning the confederation as the preeminent national civil society organization speaking on behalf of the private sector and a natural ally to the PAN. The national

³⁸ On the other hand, experiments in uniformly small-business organizations have been largely unsuccessful. As Shadlen (2004) details, the National Association of the Industry of Transformation (Asociación Nacional de la Industria de la Transformación, ANIT), a break-off of CANACINTRA in 1986, experienced initial success in policy battles, claiming credit, for instance for the revocation of mandatory chamber membership. However, ANIT declined into irrelevance in the 2000s owing to disadvantages in political access and funding compared with CANACINTRA. The National Chamber of Small Commerce (Cámara Nacional de Comercio en Pequeño, CANACOPE) includes 37 chambers operating in cities that also have CANACOs, which typically dwarf CANACOPE in size. CANACOPE affiliates belong to the CONCANACO, but interviewed personnel at the confederation headquarters say that CANACOPE chamber typically participate very little.

³⁹ In addition to the umbrella confederations of industry and commerce, Mexico has a variety of sector-specific chambers such as the National Chamber for the Textile Industry (Cámara Nacional de la Industria del Vestido, CONAIVE), Mexican Chamber for the Construction Industry (Cámara Mexicana de la Industria de la Construcción, CMIC), and National Chamber for the Restaurant and Prepared-Foods Sector (Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados, CANIRAC), all of which are members of CONCAMIN. These chambers also benefit from the SIEM system, and are occasional intermediaries of Fondo PyME projects, but they are not members of the CCE and their advocacy efforts are typically limited to sector-specific policies.

confederation and subnational delegations issue statements and commission studies concerning macroeconomic policy, education, security, and transparency reforms. While COPARMEX is nonpartisan, state delegations frequently organize debates among candidates, election-monitoring initiatives, and get-out-the vote campaigns. Without the benefit of SIEM, COPARMEX branches—of which there are 82 nationwide—tend to have smaller memberships than CONCANACO and CANACINTRA members. Recruitment is achieved instead by offering training and consulting—often subsidized by México Emprende and Fondo PyME—and through the organization’s prestige as a shaper of public opinion and policy actor.

VI. New Party Organizations and Participatory Preferences for Business and Rural Organizations

Simultaneously with its embracing of a free-market economic model, the PRI underwent a reform of its organizational structure and electoral strategies while the PAN and PRD claimed important subnational victories and introduced multi-party competition to the national and subnational levels. These shifts had important implications for the ways that these three parties relate with interest organizations in the small-business and small-scale agricultural sectors. The PRI moved away from the programmatic incorporation of its core popular-sector sectoral organizations, such as the CNC, while still relying on these as campaign operations and patronage networks. In contrast newly governing PAN and PRD administrations sought to solidify programmatic ties with core organizations—such as small business for the PAN and dissident agriculture for the PRD—while also attempting to construct linkages with non-core groups through either programmatic or distributive appeals.

During the Salinas and Zedillo administrations, the PRI undertook reforms, both to its formal party statutes and to its informal practices of leadership selection, with the goal of modernizing the party and retaining the electoral upper hand. The first of these was to shift from an electoral mass mobilizing party—based on sectoral confederations—to a catch-all party, combining mass media appeals with the clientelistic mobilization of voters (Burgess and Levitsky 2003; Greene 2007; Magaloni 2008). The traditional sectors—labor, peasants, and the popular sector—were downplayed within the party, which through post-1988 reforms to party statutes allowed for individual party affiliation (membership had previously been solely through the sectors) and transitioned to a geographic party structure, which led to a reduction in nominations to elected office for CNC and other sectoral representatives (Langston 2001). The technocratic wing of the party had prevailed over the populist wing, much of which departed the party to support Cárdenas in 1988 (Bruhn 2004). The technocrats espoused neoliberal economic principles that conflicted with the programmatic demands of the majority of their sectoral organizations, particularly with the CNC, and were thus eager to expunge these organizations from the realm of policymaking. However, PRI leaders recognized the value that the CNC offered in mobilizing rural voters, and thus preserved the confederation as a rural electoral operation (Mackinlay 1996). In the context of this study, the CNC constitutes a core organization for the PRI, given its embeddedness in the party and membership base that belongs to the PRI’s core constituency—the rural poor. This linkage departs from PAN and PRD core organizations, which espouse similar programmatic goals to the parties.

Another consequence of the PRI’s shift away from an organizational base was a

transition in the way it dealt with non-core organizations. While the PRI had historically sought to monopolize the organizational infrastructure—granting privileged access to corporatist organizations in every sector and coopting and/or repressing dissident groups through the famed “two carrots, then a stick” approach (Smith 1979, 57)—the neoliberal PRI increasingly took to simply ignoring party outsiders.⁴⁰ This forbearance is perhaps due to the increasing centrality of the mass media for electoral campaigns and lessons learned from public outcry in response to repression of opposition groups, which severely damaged the party’s public image. Thus, organizations that are not predisposed to support the PRI, such as nonpartisan business chambers—which as discussed above were subordinated to big business in the PRI’s neoliberal development model—or dissident peasant organizations enjoy greater autonomy in PRI-governed states than they did 30 years ago, but also find themselves shut out of policymaking, particularly where the PRI is dominant. However, where the PRI faces electoral threats or is seeking to reclaim power in states that it has lost to the PAN or PRD, it has incentives to court the support of these non-core groups through the promise of handouts or participation in policymaking.

The period of electoral transition saw the PAN shift from an ideologically committed also-ran, tied to Catholic doctrine and liberal economic principles, to a major competitive party. Fifty years after its founding, this party won its first gubernatorial election in 1989, in the state of Baja California. While small-business organizations had historically been wary to associate themselves with a minor “protest” party, the PRI’s perceived mishandling of the economy in the 1970s and turn to big business in the 1980s, coupled with the PAN’s important gubernatorial victories in the 1990s paved the way for the construction of new linkages with small business (Middlebrook 2001, 21–24; Wuhs 2010). The urge to win more elections led to a broadening of the party’s programmatic agenda and the incursion of “neopanistas,” most of whom were prominent businessmen less committed to the party’s ideological principles than to the institution of good governance and the defeat of the PRI (Mizrahi 2003, 80–84; Shirk 2005, 98–100).⁴¹ Among these neopanistas were many leaders of business organizations, such as COPARMEX, CONCANACO, and CANACINTRA, who commonly received nominations for elected office and cabinet posts.⁴² Integrating business leaders into the party served two functions: quickly building societal ties by associating itself with prestigious and programmatically compatible organizations; and availing administrations of capable administrators, given that in the 1990s, the PAN was bereft of figures with government experience.

The ascendancy of the PRD was much more sudden, as this party was born from a split in the PRI in the lead up to the 1988 presidential election. In this election, Cuauhtémoc Cárdenas (son of Lázaro Cárdenas) broke from the PRI, running for president with a coalition of small

⁴⁰ This is a personal observation, but there certainly have been analysts who have discussed PRI governments’ tendencies to ignore outsiders. Local races in poor, and especially rural, communities may constitute an exception, because these elections are still won through the “ground game.”

⁴¹ The broadening of the party spurred objections from long-time party figures concerned about the ideological purity of the PAN, a rift that reached its highest point during Fox’s presidency, pitting the “foxistas” against the “doctrinarios” (Loaeza 2010, 199–204). The PAN retains safeguards to preserve its right-wing, good governance character, such as a resistance to granting nominations to PRI defectors and the expulsion of party members seen to contradict party principles (Mizrahi 2003, 96–103).

⁴² COPARMEX in particular has been a springboard for PAN politicians. PAN gubernatorial candidates in the states of Baja California, Chihuahua, Guanajuato, Puebla, Sinaloa, and Sonora were previous COPARMEX presidents, as were two presidential candidates, Manuel Clouthier and Vicente Fox (Mizrahi 2003, 168 n. 15).

leftist parties called the National Democratic Front (Frente Democrático Nacional, FDN). After narrowly losing to Carlos Salinas—in an election infamous for fraud—Cárdenas and his allies registered the PRD, inaugurating the first period of electoral competition in modern Mexico. In the interest arena, the PRD was beset by a tension between its opposition to the PRI's mode of coercive corporatism and the mandate to consolidate ties to the popular-sector organizations that had contributed to the party's rise (Bruhn 2004, 210–227; López Leyva 2007, chap. 4). This tension was exacerbated by the fact that PRD elites had been politically baptized within the PRI and thus were prone to replicate the dominant party's practice of cooptation through patronage ties. And while the PRD's natural allies—urban popular movements, dissident rural organizations, and dissident union federations—proudly espoused their electoral autonomy—many soon succumbed to clientelist patterns of mobilization, mediated through leaders who had become PRD-embedded brokers (Bruhn 2013; Haber 2013; Hilgers 2008b; Holland and Palmer-Rubin 2015, 23–26).

While the PRD's electoral base was concentrated in urban areas, dissident agricultural organizations also constituted core organizations for this party, as evidenced by their ideological ties to Cardenismo, the land tenure policy associated with Cuauhtémoc Cárdenas' lionized father. As the PAN did with business, the PRD attempted to consolidate programmatic ties to these organizations, even creating its own short-lived *campesino* sector, the short-lived Democratic Peasant Union (Unión Campesina Democrática, UCD). However, the process was obstructed by two factors that were less present in the case of the PAN and business. First, the fragmented and conflictive nature of the PRD's party organization forced rural organizations to form linkages with factions with the party, inserting them into intra-party rivalries and complicating the process of granting concessions and nominations, which were often doled out through contentious intra-party negotiations (Bruhn 2004, 225). Second, many rural organizations were essentially patronage seeking—replicating practices of the CNC—and thus unprepared and uninterested in collaborating with PRD politicians on a comprehensive model for rural development favoring small-scale farmers (Carton de Grammont and Mackinlay 2006).⁴³

In addition to building ties to these core groups, PAN and PRD administrations attempted to create new ties to non-core constituencies. This process posed a significant challenge, given that business organizations were ideologically opposed to the PRD's economic principles and both the CNC and dissident agricultural organizations were antagonistic to the right-wing PAN. In response, these parties pursued two strategies. First, they identified or constructed new organizational allies with programmatic concordance in non-core sectors. For instance, the PAN, historically bereft of ties to the countryside built linkages with large-scale farmers and agribusiness, organized in the Consejo Nacional Agropecuario. Second, they appealed directly to individual economic actors by circumventing organizations in the allocation of public goods and subsidies. For instance, PRD administrations have invested in small-business support programs that offer capital subsidies and training directly to firms.

⁴³ Similar factors also played out in the PRD's relationships to urban popular movements in Mexico City.

VII. Conclusion

This chapter has undertaken a brief historical analysis to lay out two sets of antecedent conditions for the remainder of the analysis. First, I have shown how transitions in Mexico's economic-development model and electoral landscape have shaped the interest organizations in the small-scale agricultural sector and small-business sector. The loosening of corporatist ties between the state and the traditionally favored confederations in these sectors—the CNC, CONCANACO, and CONCAMIN—created pressure for these organizations to offer new services in order to recruit and retain members. Furthermore, economic pressures from the onset of free-market competition increased the precariousness of small-scale farmers and small industry in particular. Given ongoing corporatist benefits for small business, and this sector's middle-class character, chambers and COPARMEX have tended to weather the transition by integrating small-business support services. In contrast, the CNC has emerged from the transition as a fundamentally patronage-oriented electoral machine for the PRI and many dissident peasant organizations have replicated this model with the PRD. In the next chapter, I further explore the ability of organizations to recruit and mobilize members, showing how these traits of organizations lead them to adopt different demand-making strategies.

Here I have also shown how transitions in party organizations have modified the routine ways in which the three major parties in Mexico engage with interest organizations in the electoral and policymaking spheres. As the PRI embraced neoliberalism and confronted electoral challenges from the left and right, it subordinated corporatist ties to its sectoral base organizations such as the CNC and paid less heed to the cooptation of non-core groups, except where electoral threats compelled it to do so. In contrast, the PAN and PRD have attempted to consolidate ties to core organizations—small-business and dissident agriculture, respectively—and to incorporate these organizations into institutions for programmatic policy deliberation. This process has been less smooth for the PRD, which has struggled with internal factions and the clientelistic orientation of its natural allies. In chapter 4, I continue my analysis of the parties' incorporation strategies, showing how electoral threats to the ruling parties in Estado de México, Jalisco, and Michoacán interacted with organizations' demand-making strategies to yield different participatory outcomes.

Chapter 3: Collective-Action Capacity and Organizational Demands

I. Introduction

This chapter focuses on the characteristics of organizations that lead them to levy primarily distributive demands or to combine distributive demands with programmatic demands. Within each of the business and agriculture sectors in Mexico, there are some organizations that levy demands that respond to the interests of their sector—e.g. small-scale farmers or small commercial business owners—and others that strive instead to maximize distributive benefits for members. The key distinction I draw between these two classes of organizations is the scope of interests that they represent.

Two rural organizations in the state of Michoacán provide an illustrative contrast. The Central Campesina Cardenista and REDCCAM are two large “dissident” peasant organizations in Michoacán, a Mexican state famous for rural activism. At their founding, these two organizations shared similar core principles: opposition to the liberalization of agricultural policy, which they viewed as privileging large-scale farmers, and a rejection of the dominant party’s top-down control of rural organizing through its corporatist peasant confederation. Despite these initial similarities, these two organizations’ paths diverged markedly in the early 2000s, when Michoacán experienced party turnover for the first time since the Mexican Revolution. The Central Campesina Cardenista (CCC) largely abandoned its efforts to effect change in agricultural policy and became an electoral vehicle for the new ruling party—organizing campaign events, endorsing candidates in the media, and posting its own leaders for public office. In return, the CCC receives privileged access to state agricultural subsidies, which the leader allocates discretionarily to reward the most loyal members. In contrast, REDCCAM has eschewed party alignment—and the corresponding handouts—deploying its resources instead to push for state agricultural policies that favor small-scale grain farmers, such as crop insurance programs, investments in storage and shipping infrastructure, and accessible credit programs. Why does one organization focus its efforts on maximizing its share of *distributive benefits* while the other seeks to influence *programmatic policies* that are important for sectoral competitiveness?

This wider variety of organization-party ties and consequent modes of demand making is a characteristic of interest representation in post-democratic transition Mexico. Prior to the onset of electoral competition in 1980s and 90s, interest representation, particularly for the popular classes, was monopolized by sectoral organizations of the PRI, such as the National Peasant Confederation (CNC). The norm was for leaders of these organizations to be coopted by the ruling party, and to prioritize their role as party broker above the representation of the programmatic interests of their base. The present analysis, however, is concerned with a context where the onset of electoral competition opened space for some organizations to be more faithful representatives of the sectors that they purport to represent (while the CNC and other party-coopted organizations persist in a diminished state). So the puzzle here is why some of these organizations that have won the ability to engage the state autonomously would find themselves reproducing the party-dependent mode of state engagement of the pre-transition period.

Scholars of party-voter linkages address a similar puzzle, interrogating when voting behavior is driven by the particularistic interest of patronage exchange and when it is driven by

programmatic policy commitments (Aldrich 1995; Calvo and Murillo 2004; Dixit and Londregan 1996; Kitschelt 2000). This literature typically offers regime and party-system variables, such as bureaucratic professionalization, electoral institutions, and electoral competition to explain different linkage outcomes. To the extent that such studies address social-level variables, they focus on social class, arguing that the poor are prone to enter into clientelistic linkages because they enjoy a higher marginal utility from distributive goods than do upper-income groups.⁴⁴ However, it is unclear that the same factors that drive individual citizens' policy demands work equally as well for collective actors—and class-based explanations fail to explain variation in demand-making strategies among organizations that represent the same social groups, as illustrated in the two vignettes above.

In this chapter, I construct a theory to explain how interest organizations opt between demands for programmatic policy or distributive patronage. I argue that the ability of organizations to independently recruit, retain, and mobilize members frees them from pressure to enter into linkages with state or party actors in which the organization becomes dependent on these actors for patronage benefits. Organizations that evade such dependence are positioned to engage in forms of mobilization suited to influencing programmatic policies: institutionalized contact with bureaucrats and politicians and pressure tactics, such as protest and media campaigns. However, organizations that rely on dependent patronage-based linkages to solve their membership problems are often limited to a narrow range of demand-making strategies, centered on electoral mobilization in exchange for targeted distributive benefits.

This mode of demand making is self-reproducing through an equilibrium state that I refer to as *the patronage trap*. The narrow pursuit of distributive demands breeds changes in its organizational traits, causing it to specialize as an intermediary for particularistic goods. The allied party requires that the organization limit its mobilization to the electoral realm, restricting the ability of the organization to engage in pressure politics. The organization leader becomes coopted by the party, assuming the role of clientelist broker. And as the organization's reputation as a source of state handouts becomes known, recruitment targets a self-selecting population eager to access such benefits.

This chapter combines qualitative and quantitative evidence to show that organizations' ability to solve their membership challenges autonomously shapes the way that organizations engage the state and the types of policy demands that they prioritize. I first conceptualize distributive and programmatic demands and construct an argument for how membership conditions shape demand type. I then conduct case studies of four interest organization—two each in the agricultural and small-business sectors, one in each sector that is primarily patronage focused and another that combines distributive demands with programmatic demands. Third, I present data from an original survey of economic interest organizations in Mexico, providing evidence consistent with the argument that autonomous membership capacity facilitates broader forms of political participation and programmatic demand making.

⁴⁴ For a review of studies relating class to vote buying, see Stokes et al. (2013, 158–171). As Holland and Palmer-Rubin (2015) point out, social class is not a particularly strong predictor and, in fact, organizational membership is more predictive.

II. Conceptualizing Organizations' Policy Demands

A central question in the study of interest representation regards whose interests are being represented. An organization may narrowly pursue the interests of its leader or members; or it may act on behalf of broader segments of the population, such as its economic sectors or social class. Thus, the policy demands levied by organizations can be ranked according to the breadth of potential beneficiaries if the demands are satisfied. Following Schmitter (1974, 96), I refer to these as the “scope of interests” that the organization represents.

Literatures on labor unions and social movements have sought to explain why these organizations at times pursue transformative goals on behalf of broad swaths of society and other times narrowly promote the interests of members, or even more narrowly, of leadership. Research on organized labor interrogates why some unions make demands on behalf of unionized workers (the union wage) and others on behalf of the working class more broadly (the social wage) (Iversen 1999; Mares 2006; Streeck and Hassel 2003). And a classic literature concerned with internal democracy in labor unions shows how leadership entrenchment and cooptation causes unions to abandon even the interests of members in furthering the political prospects of leaders (Lipset, Trow, and Coleman 1956; Voss and Sherman 2000). In PRI-dominated Mexico, the cooptation of union leaders by the party-state, making them more responsive to the party and their own political prospects than the interests of the base, became known as *charrismo*. Similarly, studies of social movements have been concerned with the displacement of “transformative” goals for demands that are specific to the survival of the organization—a fate that they also attribute to oligarchization and bureaucratization (Katsiaficas 2006; Piven and Cloward 1979, 34–37; Staggenborg 1988).

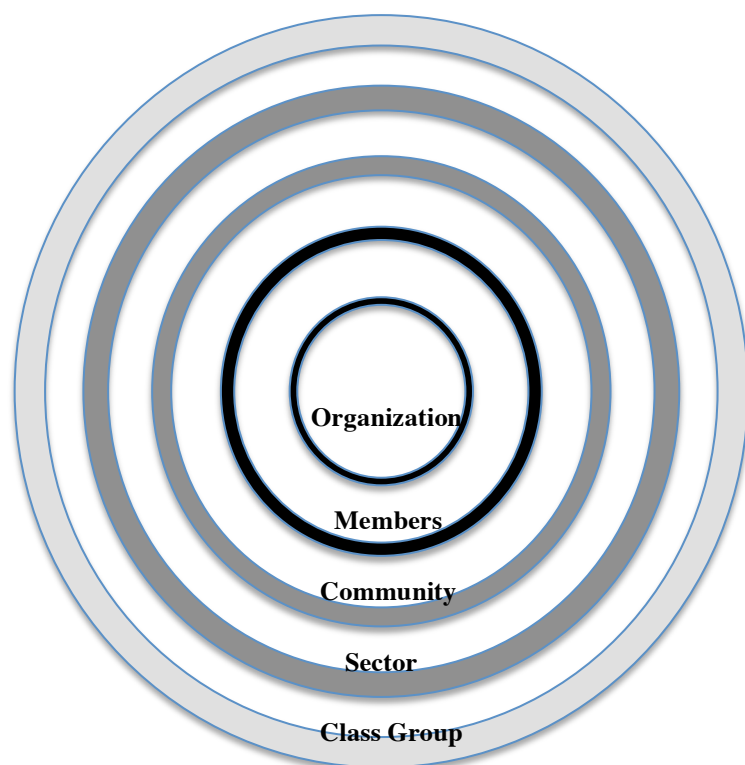
Outside the realm of organizations, the distinction made in the party-voter linkage literature between programmatic and clientelistic ties turns on whether the voter supports a candidate in exchange for “selective material incentives” or in response to “packages of policies” whose consequences benefit the voter only indirectly (Kitschelt 2000, 849–850).⁴⁵ This literature typically depicts the linkage as a consequence both of the party’s chosen strategy for appealing to voters and the amenability of different segments of the electorate to programmatic or clientelistic appeals.

In the case of economic interest organizations, a ranking of demands on the basis of the scope of beneficiaries begins with the interests of the organization itself, then expands to the organization’s members, the immediate community in which the organization operates, the sector, and the class group. In Figure 1, the innermost circles—shaded in black—represent the distributive arena, including demands for disaggregable material benefits that stand to benefit only the organization itself or its members. The next two circles represent programmatic demands for club goods, public goods, or regulatory policy that benefit populations that extend beyond the organization. Such populations may be quite limited, such as the community within which the organization operates, or quite large, such as all firms in a given sector. The largest circle—in the lightest shade of grey—represents demands on behalf of the class group to which

⁴⁵ The formal political economy literature makes a distinction between “general interest” and “special interest” policies. However, it is more concerned with explaining the policymaking dynamics within each of these arenas rather than how interest groups divide their political resources between them. For example, see: Persson and Tabellini (2002, chap. 6–7).

the organization pertains. Policies in this category have redistributive consequences that affect many members of society such as tax policy, land reform, or social entitlements.

Figure 1: Scope of Interests for Economic Interest Organizations



To illustrate the types of demands that correspond to each of these circles I take the example of an organization of small-scale corn farmers. Table 1 lays out the populations that correspond to each type of demand and examples of benefits that would satisfy each demand.⁴⁶ Owing to the essential nature of organizational survival and recruitment, all non-elite organizations have an interest in pursuing demands in the innermost circles—representing the interests of the organization itself and of its members—as these policies generate benefits that can be used to fund organizational activities or incentivize members to join and participate. In fact, all organizations observed in this study actually do pursue such policies to some degree.

⁴⁶ The scope of beneficiaries is not equivalent to the type of benefit. As the examples demonstrate, a given demand may be for a distributive program, which generates particularistic goods, but if that benefit is not excludable to the group in question, the demand corresponds to a broader scope of beneficiaries. This operationalization is consistent with Kitschelt's (2000, 850) definition of programmatic interests: "*Some programmatic parties, in fact, are likely to serve rent-seeking special interests, particularly in highly fragmented party systems in which small constituencies have their own parties (farmers, small business, regions). However, this does not make them clientelist as long as they disburse rents as a matter of codified, universalistic public policy applying to all members of a constituency, regardless of whether a particular individual supported or opposed the party that pushed for the rent-serving policy.*"

However some organizations are limited to *distributive demands*, while others also devote significant resources to *programmatic demands*, whose scope of interests extends well beyond their membership base. Why are some organizations able and disposed to pursue programmatic demands? Stated another way, why are some organizations unable and/or disinterested in levying policy demands that extend beyond the immediate interests of the organization and its members?

Table 1: Examples of Organizational Demands by Scope of Interests

<i>Beneficiaries</i>	<i>Who Stands to Benefit</i>	<i>Examples of Benefits</i>
Organization	A local organization of small-scale corn farmers	Grant for organizational activities; compulsory membership requirement
Members	All or many members of the organization	Subsidies for members; favorable resolution of land disputes for members
Community	The region where the organization operates	Local infrastructure, such as irrigation technology or storage facilities
Sector	All small-scale corn farmers	Adoption of subsidy program targeted to corn farmers; government buying program favoring small-scale farmers
Class Group	All small-scale farmers, rural poor	Adoption of broad-based subsidy program or welfare program; land reform

III. The Patronage Trap: Membership Conditions and Demand-Making Strategies

To address these questions, I interrogate the internal logic of organizations, arguing that membership is the fundamental concern of non-elite organizations. In contrast to elite organizations, which may wield power through their control of capital or connections to powerful political actors, organizations representing non-elite economic actors wield power in numbers. Having a large and active membership bolsters the organizations' ability to engage in both electoral mobilization, such as campaign rallies, or non-electoral mobilization, such as protest. This power in numbers furthers both the narrow interests of the leader—whose political prestige and notoriety increase with membership size—and the interests of the base, who are more likely to be victorious in meaningful policy battles. When an organization is able to recruit, retain, and mobilize members autonomously—typically by offering desirable services that incentivize participation—it may then turn its attention toward external goals, such as influencing programmatic policies. However, organizations that are unable to solve their membership challenges autonomously are prone to prioritize demands for distributive handouts, which the leader can repurpose as selective benefits to incentivize member participation. Thus, an organization's *membership conditions* centrally determine whether it primarily levies programmatic or distributive demands.

This is not to say that social class, a variable that has attained significant attention in the literature to explain *individuals'* programmatic and distributive demands, is irrelevant to *organizations'* demands. Organizations that represent the lower classes are more likely to face budget shortfalls owing to these populations' inability to contribute financially and disinclination to participate in civic associations (Kurtz 2004; Verba, Schlozman, and Brady 1995). Class also

shapes the individual interests of the members that make up an organization, as poor citizens are more likely to come to an organization in pursuit of handouts than middle-class citizens, who may be more drawn to the social networks or prestige that the organization offers. However, I argue that membership conditions can supersede class in shaping organizational demands, leading some lower-class organizations to levy programmatic demands and some middle-class organizations to restrict their demands to the distributive realm.

Figure 2a lays out the causal model leading to organizations' demand types. In this chapter I will show that organizations' *membership conditions*—their ability to solve their membership challenges autonomously, are the central factor determining demand type. These conditions combine with the social class of organization members to produce different modes of state engagement—either party-dependent or non-party dependent. These modes of state engagement, in turn, influence the types of policy demands that the organization is able to (or chooses to) levy. The arrow looping backwards represents the self-reinforcing nature of this process, which occurs through both leadership and membership mechanisms. Figures 2b and 2c lay out the two distinct equilibria that emerge from this model.

Figure 2a: Model of Organizational Demands

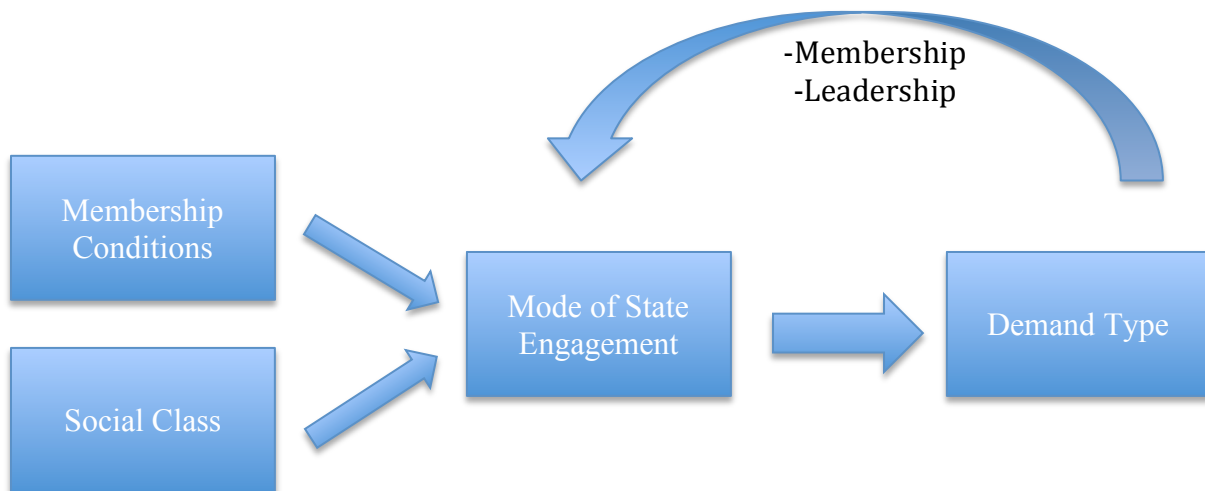


Figure 2b: The Patronage Trap

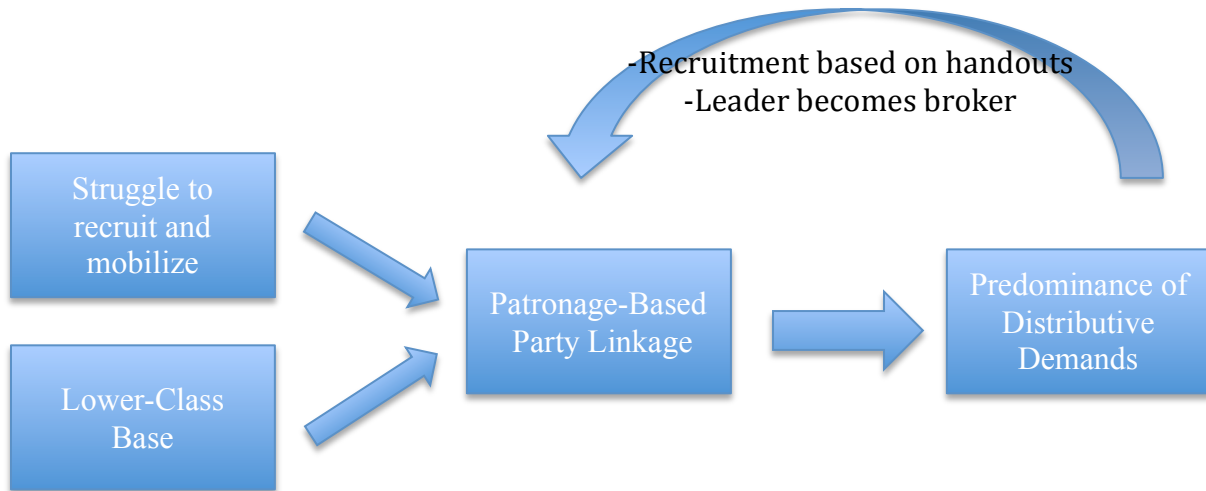
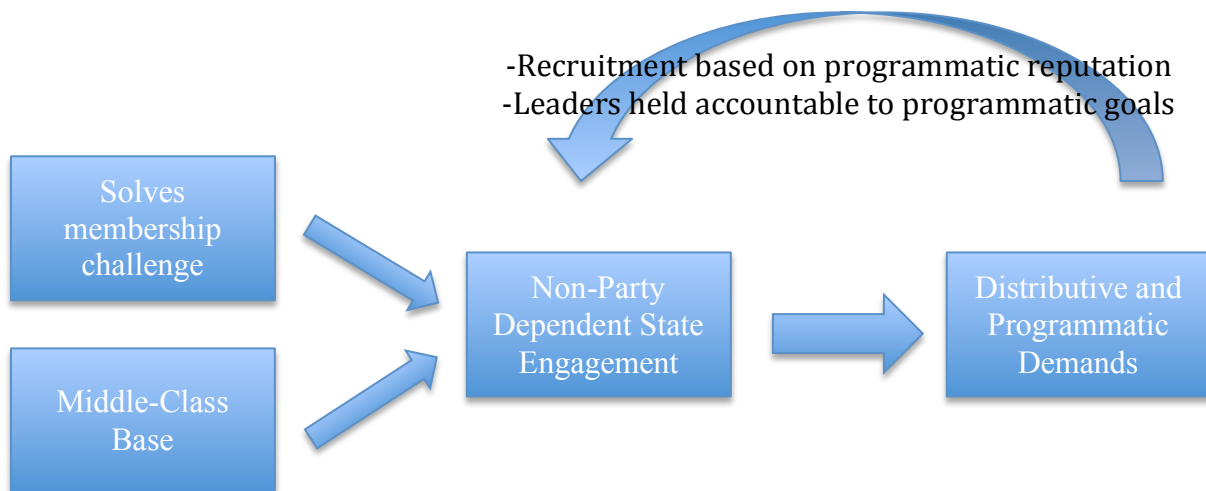


Figure 2c: Programmatic Demands Equilibrium



The model depicted in Figure 2b shows how membership challenges combined with a lower-class membership sets organizations on a path where they are “trapped” into an equilibrium state of distributive demand making. An inability to autonomously solve membership challenges and class pressure to seek government handouts cause organizations to enter into patronage-based party linkages, which place pressure on organizations’ leadership and mobilization structures to privilege distributive demand making. This is a trap because the narrow pursuit of distributive demands is self-reinforcing: once organizations limit their

demands to distributive policies, the position of the leader and member-recruitment strategies become tailored to patronage politics, making the organization ill suited for programmatic demand making.

Figure 2c depicts a parallel equilibrium—a virtuous cycle of programmatic participation—that is significantly less “sticky” than the patronage trap. This equilibrium prevails for organizations that are able to solve their membership challenge internally and is most common among organizations representing middle-class populations that are able to pay dues and are not as insistent on immediate economic handouts as are poor populations. With less need to extract patronage benefits, these organizations are able to engage the state in more diverse and autonomous ways, combining electoral mobilization with other strategies such as lobbying and protest. These broader modes of state engagement are conducive to making demands for programmatic policies, often in addition to distributive demands. This equilibrium is self-reinforcing through both membership and leadership, albeit not as strongly as in the case of the patronage trap.

These two equilibria exist in what might be called “asymmetric path dependence.” There are many trapdoors through which programmatically oriented organizations can tumble, finding themselves in the patronage-trap equilibrium. A change in any one of the key variables in Figure 2—such as a sudden decline in resources, the ascendance of a leader with electoral ambitions, or the decision to form an exclusive partisan alliance—can quickly take an organization off the programmatic path. In contrast, organizations in the patronage trap tend to stay there.

As scholars of path dependence have noted, a path dependent equilibrium has an on-ramp (a critical juncture), a moment of institutional change that establishes the path that a given case follows (Collier and Collier 1991; Pierson 2000). As discussed in the previous chapter, the relevant reconfiguring moments for economic interest organizations in Mexico date to the adoption of market-led economic policies and the onset of multi-party competition in the 1980s and 90s. Market-oriented economic reforms—featuring entry into the North American Free Trade Agreement (NAFTA), the elimination of mandatory membership requirements for business chambers, and the privatization of *ejidos* (collective landholdings)—had momentous impacts on organizations’ resources and ability to achieve collective action. The electoral transition unwound the formerly dominant Institutional Revolutionary Party’s (PRI) monopoly of the political sphere, opening space for novel forms of organizational participation in policymaking and electoral politics. This reconfiguring moment took place quite differently across Mexican states, as some states transitioned to vibrant multi-party elections while others remained dominated by the PRI. In the next chapter, I analyze the effect of these various electoral configurations on state governments’ approaches to incorporating interest organizations in policymaking.

The ability to recruit, retain, and mobilize members—is central to non-elite organizations’ political influence. These organizations garner the attention of policymakers by showing that they can turn out people in campaign events or mobilize in protests, forms of mobilization that rely on power in numbers. Compared with organizations that represent middle-class constituencies, membership deficiencies tend to be more acute among popular-sector organizations, whose members lack the time, connectedness, and human capital to engage in associations. However, as Olson (1965) famously established, factors beyond class such as interest heterogeneity and diffuseness also exacerbate such collective-action problems. Interest organizations often confront this challenge by offering “selective benefits,” which provide

members with individual incentives to participate (Dosh 2009; Garay 2007; Ondetti 2008). Some organizations generate these benefits internally by offering services such as training programs, legal support, and networking opportunities that encourage members to join and participate in organization activities. Lacking the ability to provide such services, organization leaders may turn to state or party actors, which provide ongoing access to distributive benefits that organization leaders allocate selectively in order to recruit members and incentivize participation.

Organizations that narrow their demands to the distributive sphere are vulnerable to limit their mobilization strategies to electoral campaigns on behalf of the affiliated party. As established in the organizational sociology literature, dependence on an external actor for resources comes at the price of ceding power to that actor (Emerson 1962; Pfeffer and Salancik 2003). Similarly, the clientelism literature shows that patronage ties operate through mechanisms of top-down coercion, in which the party patron wields control over its clients (J. C. Scott 1969; Stokes 2005). It follows that when an organization depends on a political party for financing and selective benefits the party patron can leverage the threat of withdrawing these benefits to exercise control over the organization's structure and activities. In exchange for providing benefits to fund organizational expenses or mobilize members, parties make demands on affiliated organizations: supporting the party electorally by holding rallies, delivering votes in its jurisdiction, or endorsing the party publicly; withholding from supporting or otherwise interacting with other parties; mediating state interaction through the party in order to consolidate the party's control over the organization; and abstaining from protest, whistleblowing, or other activities that may threaten the party's public image or its ability to govern. In contrast, organizations that generate their own resources and resolve membership challenges internally avoid party dependence, allowing them to engage with multiple political parties and to access the state through non-party-mediated processes.

Patronage-granting parties have an interest in sustaining organizations' dependence, and thus insist that the organization goes through the party to access the state, and withholds from other forms of mobilization, such as direct contact with politicians, interacting with rival parties, or protest. Even in the absence of such coercion, the exclusive party linkage requires the organization to allocate resources to electoral mobilization at the expense of other forms of participation. Members are likely to chafe at pleas by the leadership to participate both in campaign activities and in protest, and leaders often choose to sustain the former at the expense of the latter. As the organization becomes specialized as an electoral vehicle, its demands narrow to distributive rewards, the type of benefit that parties are apt to provide in exchange for electoral support.

There are two mechanisms through which the narrow pursuit of distributive handouts is reproduced, having to do with leadership and membership. First, repeated interaction with the allied party for mediating particularistic benefits causes the organization leader to be coopted and to prioritize their role as electoral broker over promoting programmatic goals. Party activists generally prefer to negotiate with a single organization representative, who therefore becomes indispensable to the organization and may exert control over the base by discretionarily allocating distributive benefits that originate in the party.⁴⁷ Second, as the organization

⁴⁷ This process can lead to undemocratic practices within the organization, stymying deliberation and the ability of the base to agree on and hold the leader accountable to programmatic goals. Members may become disillusioned with the leader's abuse of power or the organization's abandonment of programmatic goals. However, the ease of

establishes a reputation as a magnet for government handouts, collective action comes to depend on the promise of distributive rewards. Members expect particularistic rewards in exchange for participating in organization activities and new recruits join with the motivation of accessing handouts through the organization. These expectations force organization leaders to go back to the well, perpetuating the patronage-based linkage with the political party in order to sustain collective action.

IV. Case Studies of Interest Organizations in Mexico

In this section I conduct brief case studies of four organizations—two in the small-scale agricultural sector and two in the small-business sector—to illustrate the mechanisms that connect the organizational traits and types of demands depicted in the patronage trap model. Evidence is drawn primarily from interviews with organization leaders and non-participant observation of organization activities, including routine organization meetings, campaign events, and interactions with state and party figures. The four organizations are displayed in Figure 3.

Figure 3: Case Studies

		<i>Sector</i>	
		<i>Agriculture</i>	<i>Business</i>
<i>Demand Type</i>	<i>Distributive</i>	CCC-Jalisco	Morelia Chamber of Commerce
	<i>Programmatic and Distributive</i>	REDCCAM	Guadalajara Chamber of Commerce

The two rural organizations include one that has fallen prey to the patronage trap (Central Campesina Cardenista-Jalisco) and another that has evaded the patronage trap and makes programmatic demands for agricultural policy in its state (REDCCAM). While both of these

exit for voluntary associations (in comparison with a labor union with mandatory membership, for example) allows these members to disaffiliate, and the members that remain are those that acquiesce (Collier and Handlin 2009, 67–68).

organizations represent rural popular-sector populations, the former relies on subsidies from the government to recruit and mobilize members, and therefore pursues these programs to the exclusion of programmatic demand making, while the latter achieves collective action by offering valuable services to members, and is able to deploy these members in pursuit of pro-small-scale-farmer policies in the state of Michoacán.

The two business organizations similarly include one distributive-oriented organization (Morelia Chamber of Industry) and one programmatic-oriented organization (Guadalajara Chamber of Commerce). In contrast to the rural organizations, the distinction between these two is not regarding whether one has formed a partisan alliance—since both are official non-partisan—but rather concerns the fact that the Morelia chamber focuses its efforts on recruiting members to the federal government’s SIEM program, which channels benefits to the organization, rather than programmatic influence.

Central Campesina Cardenista-Jalisco: A Patronage-Oriented Rural Organization

The Central Campesina Cardenista-Jalisco (CCC) is an example of an organization that has fallen prey to the patronage trap. Its policy demands are limited almost exclusively to maximizing distributive benefits for its members. The organization leader devotes his energies to *gestión* (negotiating for government programs), most of which are individualized—such as subsidies for agricultural inputs, materials for a family to add a room to their house, or funding for a small business. This leader—Miguel Ángel Rodríguez, Secretary General of CCC—monopolizes the *gestión* process, as well as the discretion to determine which members receive state benefits mediated by the organization. This authority serves as his main tool to recruit and mobilize members, as he makes clear that active participation in organization activities—including electoral rallies for the affiliated party—will be rewarded with handouts. In interviews, Rodríguez mentions broader policy concerns on behalf of the rural poor, but these demands are unspecific—“greater redistribution” or “more spending in the countryside”—and the organization rarely dedicates significant attention to them.

Membership Conditions:

Recruitment for CCC is based primarily on promises of subsidies. The organization’s ability to extract government handouts for its members spreads through word of mouth, leading potential members to approach the organization in hopes of acquiring such resources themselves. At a CCC rally, several members that I interviewed were unabashed in explaining that they were motivated to join and participate in the organization’s activities by the promise of individual benefits, such as a new room for their house or free fertilizer from the state government. Referring to a government program that provides housing materials for the rural poor, one woman explained: “Well, El Profe told me that if I participate in rallies and (CCC) assemblies, he’ll make sure that I receive support from Vivienda Rural.”⁴⁸ (Rodríguez is known as “El Profe” to the members of CCC, owing to his prior employment as a teacher.)

Rodríguez strategically allocates these resources to grow the membership and is proud of the exploding ranks of CCC, which have risen from approximately 500 to over 6,000 since Rodríguez entered in 2008. However, this growth in membership has come at the cost of

⁴⁸ “Pues, El Profe me dijo que si me lanzo a los mitines, a las asambleas, que se va a encontrar la forma de bajar un apoyo de Vivienda Rural” (interview, June 6, 2012).

sacrificing organizational coherence. While it began strictly as a peasant association advocating for policies to improve the market position of small-scale farmers, the CCC has grown by incorporating semi-urban populations, many of whom are service-sector workers in the city of Guadalajara, micro-entrepreneurs, or wage laborers. Women, many of whom are wives of agricultural producers, constitute the majority of members and instead of looking to the organization for help to improve agricultural productivity, are interested in social programs that support housing or micro-enterprise investments.

Subsidies are not the only benefits provided by the organization that spur recruitment. For example, the organization also intervenes in land disputes. At a CCC event, a non-member approached Rodríguez asking if he could help pressure the state government to grant a land title to his family's parcel, after over five years of petitioning the government and waiting for a response (personal observation, June 13, 2013). Rodríguez encouraged the man to join and told him of prior cases of members whom he had helped in land disputes. In an interview, Rodríguez recounted victories of resolving longstanding land disputes, saying that the organization often makes a name for itself in a community by solving problems that other programs have been unable to solve. However, Rodríguez is clear that his ability to acquire government handouts is his most valuable recruitment asset: "All of these programs and government support that we provide is our letter of introduction, so that people that do not know us come and hear about who we are."⁴⁹

State and Party Engagement:

The national leadership of the CCC has entered into an exclusive alliance with the PRD. The confederation has been inclined toward the PRD (and its forbearer—the National Democratic Front) since the CCC was founded in 1988, but this alliance was only formalized and made mandatory for state-level affiliates in the lead up to the 2012 election. In a national meeting of state-level CCC leaders following the 2012 election, the national president, Max Correa, asserted that this alliance would continue, and asked the state secretaries general to expel members who had supported parties other than the PRD in the election (personal observation, September 25, 2012). For CCC-Jalisco, affiliation with the PRD presents the drawbacks of party alignment with few of the benefits. The PRD is quite weak in Jalisco, lost by double digits in the 2012 gubernatorial election, and holds very few municipal governments or seats in the state legislature. Lacking allies in government, the CCC-Jalisco is excluded from consultative councils and closed out of state and municipal distributive programs that tend to be delivered on a partisan basis. When asked about Activos Productivos, a subsidy program funded by the federal agricultural ministry and administered by state governments, Rodríguez lamented: "We haven't been able to access those state programs. (The state government) prefers to send it back (to the federal government) than give it to left-wing organizations."⁵⁰ Thus, the purported benefit of party alignment—improved access to patronage benefits—has failed to materialize for the

⁴⁹ "Todos esos programas y apoyos que estamos brindando es la carta de presentación para que personas que no nos conocen vengan y escuchen que somos" (interview, June 6, 2012).

⁵⁰ "No hemos podido acceder a esos apoyos estatales. (El gobierno estatal) prefiere regresarlo (al gobierno federal) que dárselo a organizaciones de la izquierda" (interview, June 6, 2012).

state-level affiliate in Jalisco.⁵¹ However, there appears to be no pressure within CCC-Jalisco to support a different party. Members who are at odds with the PRD affiliation simply defect: following the 2012 victory of the PRI for the governorship of Jalisco, many members left the CCC in order to join the National Peasant Confederation (CNC), the PRI's rural corporatist sector.

Despite the weakness of its party patron in Jalisco, the CCC devotes significant resources to mobilizing electorally on behalf of PRD candidates. Rodríguez enthusiastically extols the ability of the CCC to turn out community members in campaign events and asserts that in several municipalities, his organization commands a greater following in electoral events than the rest of the party combined. I attended three campaign events in Tala, the CCC-Jalisco's base of operations, and neighboring municipalities and observed that Rodríguez was not exaggerating. In each of these events, participants displayed at least as many banners and t-shirts for the CCC as for the PRD. Rodríguez's son (also named Miguel Ángel Rodríguez, but known as "Junior") ran for mayor of Tala in 2012, and although he lost the primary election for the PRD candidacy (in an election that Rodríguez assures was riddled with fraud), the CCC organized daily rallies through the streets of the municipality in the month prior to the election to support the PRD candidate who had beat him.

Rodríguez concedes that he induces members to support the PRD with offers of subsidies, but he views the dynamic through the lens of loyalty, rather than clientelist exchange. When asked if people who support the PRD are privileged in his allocation of subsidies, he replied: "If you want me to support you with housing or with a subsidy it seems dishonest that you would support the party that punishes us and then come to me to solve a problem. If you say 'I'm a PRIista,' go to the PRI and see if they solve your problem. If you go with the PAN, it's the same. Because that seems disloyal to me. At the end of the day, you're going to cast your vote. Why not cast it for somebody with whom your organization has an alliance?"⁵²

CCC's engagement with the state outside of its electoral participation is minimal. Interviewed representatives of the agricultural and economic development ministries in Jalisco said that they were reticent to get involved with the CCC or invite it to participate in consultative councils since it is so strongly associated with partisan tactics (on behalf of an opposition party no less).⁵³ The organization has engaged in a handful of protests over the past few years, but these have been quite short in duration—typically only lasting a single day—and focused on the goal of pressuring the government for subsidies. In short, the CCC has invested heavily in electoral participation in order to comply with the terms of a patronage-based linkage with the PRD, closing off opportunities for other forms of political engagement.

Reproduction of Party Alignment and Distributive Demands:

⁵¹ The CCC's affiliation with the PRD nationally compensates somewhat for the lack of access in Jalisco. Most of the subsidies that the CCC-Jalisco controls come from federal government agencies. The national CCC leadership supports Rodríguez in negotiating for these programs.

⁵² "Si tú quieres que yo te apoye con vivienda o con un proyecto productivo, me parece deshonesto que apoyes al que nos golpea y vengas aquí a resolver el problema. Si dices 'yo soy priista,' vaya con el PRI y tóquele, resuélveme el problema que yo traigo. Si vas con el PAN, igualmente. Porque me parece una deslealtad. A final de cuenta vas a emitir tu voto. ¿Por qué no emitirlo con alguien en quien tu organización está en un pacto de alianza?" (interview, June 6, 2012).

⁵³ Interviews with Rogelio López Garay, Jalisco delegation of SAGARPA (October 16, 2011) and Jorge Urdapilleta, State Economic Development Council (October 28, 2011).

CCC's partisan mode of political participation has limited its demand making to the distributive policy arena. While the affiliation with the PRD indirectly provides benefits through national-level bargaining, these benefits are only of a distributive type since the affiliation does not offer CCC access to state-level policymaking in Jalisco. The close affiliation with the PRD has forced CCC to prioritize electoral mobilization over other forms of political participation and closed off opportunities to engage with state politicians and bureaucrats who belong to the PAN or the PRI. Since the CCC has attained a reputation as a source of distributive goods, members are quite willing to participate in electoral events if they see it as a means to reap these rewards. However, there is little evidence that the organization helps members attain a consciousness of the structural problems that affect the Mexican countryside and potential government actions that could improve their economic well-being. As José Luis Miramontes, a consultant that works with CCC-Jalisco, laments, this problem is exacerbated by the fact that CCC's non-discriminating recruitment strategy has created a heterogeneous and opportunistic membership base, composed of small-scale farmers, day laborers, and service-sector workers, who are unable to identify and uninterested in rallying around shared programmatic goals (interview, June 25, 2013).

CCC's party dependence also limits its demands to the distributive arena through the mechanism of leadership oligarchization and cooptation, creating a leader who acts more as a party broker than as a representative of lower-class rural interests. The secretary general of CCC-Jalisco is the driving force behind this organization's political mobilization and demand-making strategies. Important decisions regarding whether and how to participate in electoral politics and the types of policy goals to pursue are either unilaterally made by Rodríguez or imposed on CCC-Jalisco from the national confederation leadership. While the organization has an intricate leadership structure composed of municipal and regional committees, these bodies engage minimally in deliberation and are unable to hold Rodríguez accountable to long-term goals. Rather, they compete among themselves in recruitment and electoral mobilization, with the knowledge that the most successful committees receive the greatest shares of subsidies. Given that Rodríguez's status among his members, CCC national leadership, and the party patron derives from his ability to control these benefits, he has little incentive to pursue programmatic goals.

REDCCAM: A Programmatic Rural Organization

The Network of Rural Commercializing Firms of Michoacán (Red de Empresas Comercializadoras Campesinas de Michoacán, REDCCAM) is a rare example of an agricultural organization that devotes significant attention to the programmatic policy arena. This organization represents small- and medium-sized grain farmers and acts both as a cooperative for commercializing these products as well as an advocate for the interests of its sector in the state of Michoacán. REDCCAM is certainly not disinterested in accessing distributive programs; in fact one of the main services that it offers to members is designing projects for potential government funding and leaders frequently engage with state bureaucrats regarding subsidy applications. However, the organization combines this participation in the distributive arena with demands for programmatic policies, including greater state investments in rural infrastructure, state provision of broad-based crop insurance, and improvements in transparency in agricultural subsidies. Lamenting the fact that most rural organizations are driven by the self-interested motive of extracting subsidies and propping up their leaders' electoral prospects, an interviewed official in

Michoacán's rural development ministry attested that REDCCAM is "one of the only serious producer organization in the state."⁵⁴ REDCCAM members are not immune from temptation to pursue patronage-oriented strategies, however, and only through a carefully cultivated organizational culture and the management of a lucrative grain cooperative has REDCCAM avoided the patronage trap.

Membership Conditions:

Recruitment for REDCCAM consists of integrating pre-existing base-level associations of grain producers into the state-level organization. Such organizations typically operate in one or a few municipalities, with anywhere from a dozen to 500 members.⁵⁵ Today, 17 base-level associations belong to REDCCAM, totaling approximately 2,000 members. When REDCCAM was founded in 2004, it was made up of ten organizations. According to Omar Lando Estañol, General Director of REDCCAM, five of these organizations were expelled within the first five years because they lacked commitment to the social mission of development of an autonomous grain cooperative and were more interested in extracting subsidies and promoting the political careers of their leaders: "Those five (organizations) were asked to resign because they were uninterested in the productive activities that we were carrying out in the network. They were more interested in their own personal interests—economic and political."⁵⁶

REDCCAM's recruitment strategy is geared to slow growth, carefully adding members that are committed to the goals of the organization, as opposed to a single-minded push to grow the ranks. Recruitment typically operates through word-of-mouth; leaders of local organizations of grain farmers approach REDCCAM if they are interested in taking part in the network's cooperative and other productive activities.⁵⁷ These organizations are drawn to REDCCAM for two reasons. First, membership affords the ability to sell products through the cooperative, which generally offers higher and more certain prices for products and relieves their dependence on informal intermediaries. Second, REDCCAM has a staff of technical experts who can help these organizations design projects to access government subsidies, which can be used to buy equipment or agricultural inputs. Potential members must present a case to the executive committee—made up of representatives of all organizations—that they are prepared to participate in the cooperative and committed to its long-term goals. The assembly votes on all membership decisions and new members join for a one-year trial period.

State and Party Engagement:

REDCCAM carefully guards its partisan neutrality. This makes the organization quite unique given the highly partisan nature of rural development spending in Michoacán, a traditional hotbed of peasant organizing and rural corporatism. The PRI-affiliated Confederación Nacional Campesina (CNC) has an important presence in the state and there also exist dozens of "dissident" rural organizations that formed in opposition to the PRI regime, mainly in the 1970s

⁵⁴ "Una de las pocas organizaciones de productores en el estado con seriedad" (interview, Enrique Rojas, December 6, 2011).

⁵⁵ Interview, Omar Lando Estañol, General Director of REDCCAM, December 9, 2011.

⁵⁶ "Esas cinco (organizaciones) que solicitamos su renuncio porque prácticamente no congeniaron en los objetivos productivos que veníamos llevando a cabo en la Red. Hubo cierta preferencia por ciertos intereses personales—económicos y políticos" (interview, Omar Lando Estañol, December 9, 2011).

⁵⁷ Author observation of REDCCAM meetings, December 2011-January 2012, July 2013.

and 80s, and formed strong ties with the left-wing PRD when it reached the governorship in 2002. While these organizations had long objected to PRI administrations' practices of deviating rural development funds to partisan allies, they largely sought the same type of special treatment once their political ally was in office.⁵⁸

The majority of these “dissident” organizations forged linkages with the PRD, which yielded significant benefits in the distributive arena during the PRD's two gubernatorial terms. Leonel Godoy, Michoacán's second PRD governor (2006-2011) instituted a practice known to PRD-affiliated organizations as the “carrousel,” where leaders of these groups were granted yearly meetings with the Rural Development Secretary to present their projects and request state funding.⁵⁹ Like dozens of other organizations in the state, REDCCAM participated in the carrousel during Godoy's administration, however they refused to provide campaign support to the governor. As a result its meetings with agricultural ministry personnel operated according to official procedures and its requests for subsidies were not given rubber-stamp approval as were those of the governor's allies. Instead, according to Lando, REDCCAM has been forced to impress the grant-making authorities with the quality of the projects that it develops and the organization's track record.

REDCCAM's participation in campaign activities resembles the norm for business chambers more than peasant organizations. In the lead up state and local elections, REDCCAM invites all candidates to speak to its members.⁶⁰ Candidates who accept are given the opportunity to sign a document signaling their agreement with a list of REDCCAM's goals for rural development policy in Michoacán. Also similarly to business chambers, this organization's non-partisanship does not inhibit its members from pursuing elected office independently: according to Lando, at least five leaders of base-level organizations have run for municipal office since 2004 and have run with each of the three major parties.

Reproduction of Partisan Neutrality and Programmatic Demands:

Non-partisanship affords REDCCAM the freedom to devote itself to productive rather than electoral issues. Where other organizations allocate time and resources to participating in campaign events, REDCCAM's activities are concerned with issues of organization building and productive projects. By not being associated with any given political party, REDCCAM is not vulnerable to changes in government. When the PRI reclaimed the governorship in Michoacán in 2012—after two terms under the PRD—REDCCAM was able to approach the newly elected

⁵⁸ At the emergence of the PRD in 1989, Cristóbal Ariás, a senator from Michoacán, attempted to bring together these dissident organizations into a single left-wing rural political organization that would serve as a counterbalance to the CNC in the state. This initiative failed, however, due to a refusal on the part of the leaders of these individual dissident organizations to cede control over their base operations. According to Ariás, “they preferred to hold onto their little groups, their clientele and the deals that they were able to make with rural government agencies than form a single larger force, capable of confronting the rural problematic.” (*“Prefirieron ellos quedarse con sus pequeños agrupamientos, sus clientelas y sus gestiones que hacían ante las dependencias oficial del sector agropecuario, de tener una gran fuerza, una sola capaz de confrontar la problemática rural,”* interview, Cristóbal Ariás Solís, December 15, 2011).

⁵⁹ Interviews with Primitivo Ávalos, Coordinator of El Surco-Michoacán, November 8, 2012; Valerio Celaya, Adviser for Productive Projects for UGOCM-Jacinto López-Michoacán, August 16, 2012; Vicente Estrada Torres, Secretary of Political Operations for CNC-Michoacán, January 26, 2012; Carlos González, Secretary-General of CCC-Michoacán, December 14, 2011.

⁶⁰ Interview, Omar Lando Estañol; December 9, 2011.

administration to collaborate on projects with long-term consequences for rural development. For example, REDCCAM representatives have negotiated with the PRI administration to press for improvements to the state's system of crop insurance for small-scale grain farmers and has met with the governor and rural development ministry personnel to voice their demands regarding the state rural development budget.⁶¹ Previously, PRD-affiliated organizations in the state were only granted similar access to these policymaking arenas if they switched alliances to the PRI.

Such engagement in programmatic demand making reinforces organizational autonomy through both leadership and membership channels. REDCCAM practices internal democracy—electing a new president from among its constituent organizations every three years. Leaders are chosen on the basis of their commitment to the ideals of the organization and their vision for future projects.⁶² Members are motivated by services that the organization offers directly, most centrally profits generated by the cooperative and technical staff to design projects to improve production techniques. Thus, members are committed to the organization even in periods when the state government is not forthcoming with subsidies. If these members are initially motivated by particular interests, over time they become socialized to take a concern in the fate of rural development in the state. At several meetings, members pressed the organization leadership to build an alliance with the PRD or PRI in order to receive more subsidies—as they observed that party linkages reaped rewards for members of other organizations. However, a professional staff and a democratic process of leadership selection keep REDCCAM on the non-partisan and programmatic path, committed to its long-term goal of improving conditions for small-scale agricultural production.

CANACO-Guadalajara: A Programmatic Business Organization

CANACO-Guadalajara is a clear case of an organization that engages meaningfully in programmatic demand making. Interviewed organization representatives frequently mentioned policy goals for the chamber that are not directly related to the distributive realm, such as greater state investment in industrial parks, an industrial policy geared toward attracting foreign investment, and legislation to strengthen municipal and state governments' hands in regulating informal-sector firms. At the same time, this chamber is quite active in the distributive sphere and intermediates both state and federal programs that support small-business capital investment and participation in training programs as well as conventions organized by the chamber.

Membership Conditions:

Recruitment for CANACO-Guadalajara capitalizes more on services and networking opportunities that the organization offers to its members than the organization's role as an intermediary for distributive programs. Thus, small- and medium-sized business owners in the Guadalajara region have ample reason to join the chamber beyond the promise of state benefits. Membership offers discounts for training programs and consulting, the opportunity to participate in networking events and meetings with politicians, and the use of the chamber's facilities.⁶³ The chamber also helps business owners access state and federal small-business subsidies through its

⁶¹ Author observation of REDCCAM meetings with representatives of state Rural Development Ministry, July 2013.

⁶² Interview, José Antonio Valdez Alcanta, President of REDCCAM member organization, July 4, 2013.

⁶³ Interview, Ana Isabel Solís, Manager of Strategic Analysis, CANACO-Guadalajara, October 31, 2011.

Centro México Emprende consulting center. The programs offered by this center do not require membership in the chamber, although certain benefits come with a discount for members.⁶⁴

State and Party Engagement:

CANACO-Guadalajara's stable membership base enhances its ability to engage state and party actors in a wide variety of forums. The chamber's president and vice presidents have frequent contact with high-level politicians, including close advisers of the governor and members of his cabinet.⁶⁵ Chamber representatives also participate in several state and municipal government sponsored consultative councils, including those concerning economic development, education, and government acquisitions. México Emprende staff members are in constant communication with the state Ministry of Economic Promotion (SEPROE) and the Jalisco delegation of the national Ministry of the Economy, the agencies that delivers the greatest share of government programs that the chamber mediates. When I asked a consultant for a recommendation of people to interview in these ministries, he offered the names and telephone numbers of high-level bureaucrats by memory and reported that he is communication with their offices on a nearly daily basis.

Interviewed representatives of CANACO cited two reasons that politicians and bureaucrats pay such heed to the chamber: first, owing to its prestige and position as the primary representative of commercial business in Jalisco and second, because of its steadfast non-partisanship. Three separate officials in CANACO offered the same justification for their non-partisanship: the chamber wants to be on a friendly basis with government actors of all parties, so they cannot give the impression that they favor one over another. Interviewed leaders of electoral campaigns for the three largest political parties in Jalisco concurred that the strength of CANACO-Guadalajara depends on its partisan neutrality. The PRI's Secretary of Organization in Jalisco described CANACO-Guadalajara and other business organizations in the state thusly: "The business groups are non-partisan, they play with everybody. (CANACO-Guadalajara) plays with the PAN, they play with the PRI, they play with the PRD. They want to be in the good graces of whoever is governor or whoever is governing."⁶⁶

That said, the chamber is quite involved in electoral politics, hosting events where politicians of all parties present platforms and interact with the CANACO's executive committee. In the 2012 election, the chamber held meetings with all five candidates for governor and mayoral candidates in three municipalities in the Guadalajara region from the three largest parties. In addition to allowing these members to present their platforms, the chamber presented a document of "proposals and promises," to all candidates, which they were asked to sign as a pledge that they would pursue such policies that the chamber deemed important for the state, including regulating the informal sector, addressing security in the state, and avoiding indebtedness of the state government.

Reproduction of Partisan Neutrality and Programmatic Demands:

Its political autonomy allows CANACO-Guadalajara to pursue programmatic demands through both inside strategies, such as direction communication with elected officials and

⁶⁴ Interview, Erick Herrera Ramírez, Consultant, Centro México Emprende, CANACO-Guadalajara, October 31, 2011.

⁶⁵ Interview, Jorge Barrón, Coordinador de Asuntos Públicos y Políticos, CANACO-Guadalajara, June 21, 2013.

⁶⁶ Interview, Rafael Soltero Raza, Secretary of Organization, PRI-Jalisco, June 29, 2012.

lobbying for legislation; and outside strategies, including weekly press conferences and press releases, where the president communicates the chamber's positions on legislation and budgetary matters and denounces government corruption. Presidents are replaced every four to six years—as dictated by confederation bylaws—and those who are elected are chosen on the basis of the programmatic commitments that they communicate to members and their connections to politicians and state officials (Interview, Jorge Barrón). Democratic leadership selection motivates presidents to faithfully pursue the interests of the organization and the commercial-business sector and do not fall prey to oligarchic tendencies.

In addition to its programmatic policy demands, CANACO-Guadalajara is quite active in the distributive sphere, often intermediating state small-business subsidies. However, CANACO's engagement in distributive policy differs in three ways from the patronage-trap model: First, subsidy access is not “exchange-based”—CANACO-Guadalajara does not promise anything to a party or the state in exchange for receiving these benefits. Second, CANACO-Guadalajara does not depend on these subsidies for organization funding or membership recruitment. In fact, dependence may run in the opposition direction: officials from the state and federal ministries that administer small-business subsidies attested that they actively pursue CANACO-Guadalajara to advertise their programs, evaluate applicants, and provide services, since the ministries lack the personnel to carry out these tasks. Third, subsidy benefits are not brokered by an organization leader; elected chamber officials stay out of subsidy distribution, leaving this task to chamber staff who use clear eligibility criteria to determine which business owners, including both members and non-members, to incorporate in state-subsidized training and financing programs.

CANACO-Guadalajara is able to operate these programs in a technocratic fashion because it does have the need to use them for recruitment. The chamber generates many selective benefits independently, and business owners in Jalisco are eager to join to gain access to the chamber's services and professional network. Once members join, they become socialized to the chamber's modus operandi of non-partisanship, internal democracy, and concern for the well being of their sector.

CANACINTRA-Morelia: A Distributive-Oriented Business Organization

The CANACINTRA delegation in Morelia, Michoacán is an example of a centrally distributive-oriented business organization. In contrast to peasant organizations such as the CCC, however, this delegation is formally non-partisan, in line with Law of Chambers and chamber bylaws. However, CANACINTRA-Morelia is dependent on state distributive benefits and corporatist support to recruit and retain members.

Membership Conditions:

Founded in 1940, the Michoacán CANACINTRA is the oldest state delegation of this chamber and certainly was an important political actor in the mid-century period. However, since the revocation of mandatory chamber membership and the decline of the manufacturing industry in Michoacán, this organization has seen its membership decline precipitously, with roughly 1,600 members at the time of the interview.⁶⁷ Today, the chamber is depends on the Mexican System of Business Information (Sistema de Información Empresarial Mexicano, SIEM) both for

⁶⁷ Interview, Delia Cárdenas Pedraza, General Manager, CANACINTRA-Morelia, January 26, 2012.

financial resources and for membership. The main source of financing for the delegation is the commission that they receive for signing firms up to the SIEM. But at least as important is the opportunity that the SIEM process gives the chamber to pitch CANACINTRA to prospective members. The manager of the Morelia CANACINTRA described the process:

The first people that have contact with business owners are the SIEM staff, those who go out in the streets and go door to door. That's the first contact that a businessperson has with the people from CANACINTRA. They go with their uniforms, with their credentials, they explain to them what the SIEM is and what the chamber is. That's where we get an influx of members.⁶⁸

State and Party Engagement

Compared with CANACO-Guadalajara, CANACINTRA-Morelia has quite little contact with the state government or political processes. Contact with politicians and higher level cabinet members is isolated largely to the activity of the president, who has irregular informal conversations with the governor and mayor and participates in three consultative councils of the state government, including the Consejo Consultivo para el Desarrollo Económico de Michoacán (Consultative Council for Economic Development of Michoacán). CANACINTRA is invited to these councils largely as a matter of form, since it is the one of the two official state chambers, along with CANACO. Representatives of CANACINTRA were only able to mention one programmatic policy that they promoted in this council and in lobbying with state legislators—the Ley de Ciencia y Tecnología del Estado de Michoacán (Law of Science and Technology), which failed in the state legislature. This law would have required that the state government allocate one percent of its budget to research and development, funds that would potentially be mediated through chambers.⁶⁹

CANACINTRA-Morelia maintains a distance from electoral politics. In contrast to most business chambers researches, this organization does not make a practice of meeting with mayoral and gubernatorial candidates during electoral campaigns, organizing debates, or presenting candidates with proposals. Once the newly elected governor, Fausto Vallejo, came into office in 2012, CANACINTRA-Morelia would “invite him to get to know the facilities, to see how we are working, our plans, and how he can help us with the federal government.”⁷⁰ Centrally concerned with accessing federal support, from SIEM, Fondo PyME, and other programs, CANACINTRA looks to the governor in terms of helping access this programs, more than as a political actor with whom to lobby for state policies for the industrial sector.

Reproduction of State Dependence and Distributive Demand-Making

⁶⁸ Interview, Delia Cárdenas Pedraza. “*El primer contacto se hace con la persona del SIEM, que es la que sale a campo, le decimos nosotros, y va de puerta en puerta. Digamos que es el primer contacto que tiene el empresario con una gente de aquí de CANACINTRA. Van con sus uniformes, van con sus credenciales, les explican qué es el SIEM y les explican qué es la cámara. Por ahí es que tenemos alguna afluencia de afiliados.*”

⁶⁹ See: <https://www.quadratin.com.mx/educativas/Contara-Michoacan-con-nueva-Ley-de-Ciencia-Tecnologia-e-Innovacion/>

⁷⁰ Interview, Delia Cárdenas Pedraza. “*Seguramente una vez que entre Fausto Vallejo lo invitaremos a que conozca las instalaciones, que conozca cómo estamos trabajando, nuestros planes, cómo nos puede apoyar con el gobierno federal.*”

As discussed, CANACINTRA departs from the standard patronage trap model in that its dependence on state largesse does not result from an overt alliance with a political party, but rather from distributive and corporatist benefits flowing from the federal government. Unable to sustain an ample membership base without this support, CANACINTRA devotes much of its resources to the process of recruiting business through the SIEM and intermediating federal programs that provide financial benefits for the organization and its members. Close to half of the delegation's employees are young men and women who drive to businesses in the region on motorcycle, signing the businesses up for the SIEM, and receiving a commission for each firm enrolled. And as noted above, the chamber uses its rare opportunities to engage with the governor to press him to help access federal subsidy programs.

As with patronage-oriented peasant organizations, CANACINTRA-Morelia has specialized in *gestión* and since it has established this reputation, firms join with the expectation of receiving these benefits. Staff at the Centro México Emprende help members apply for loans and subsidies through Fondo PyME and to participate in training programs and networking events that are highly subsidized by the federal government and bring commission to the chamber. For instance, members are often encouraged to participate in an online Harvard business management course. This month-long course has an "official cost" of 5,500 pesos (about US\$400), but CANACINTRA members only have to pay 500 pesos, which accrues to the chamber.

Having tailored its personnel and its recruitment strategy to access federal government programs, CANACINTRA-Morelia is unequipped to play a role in programmatic demand making. While interviewed personnel could cite programmatic goals—greater state investment in research and technology, improvements in education—the chamber delegation took little effort to further these goals in its state. Rather, they explain that they rely on the federal CANACINTRA chamber and the CCE to draft and promote policy proposals.

V. Survey of Mexican Economic Interest Organizations

In this section, I report findings from an original survey of 156 state-level agricultural and small-business organizations in Mexico. I deploy these data to probe the observable implications of my theory of organizational participation in policymaking. Most centrally, I show that organizations' ability to solve their membership challenges is at least as important a correlate of the organization's scope of interests as its class position, the dominant explanation for programmatic and patronage demands in the literature. Survey data offer two measures of class: first, the distinction between the lower-class agricultural sector and the middle-class small-business sector; and second, organizations' class composition, which I operationalize as the percent of each organization that belongs to the "micro" classification for its sector. The indicators of membership conditions are member services and resource flows, two traits that are determinative of organizations' ability to survive and sustain an active membership.

Table 2: Summary Statistics of Organizational Traits

Variable	Measures Used	Agricultural Organizations			Small-Business Organizations		
		Min	Mean	Max	Min	Mean	Max
<i>Independent Variables</i>							
Class Composition	% of members that belong to the “micro” classification (business: <10 employees; agriculture: <10 hectares)	5.0%	62.2%	100%	0%	80.0%	100%
Resource Diversity	Diversity of sources of funding; count of the following: (1) membership fees; (2) donations from the confederation; (3) commission for subsidies; (4) payments for services; (5) other lucrative activity	0	2.0	5	0	1.9	5
Member Services	Number of services offered to members; count of the following: (1) consulting or project design; (2) access to credit; (3) helping access government programs; (4) providing information about market conditions or politics; (5) other service	2	4.2	5	1	2.9	5
<i>Controls, Other Variables</i>							
Number of Members	Number of registered members	100	25,290	350,000	62	809	9,000
Member Fee Percentage	Percent of members that pay membership fees	1.0%	31.8%	80%	0%	51.6%	100%
Number of Employees	Number of full-time employees that receive a salary	0	7.6	45	0	10.1	230
Org. Contact Frequency	Number of times contacted org’s in the same sector in past year	0	24.3	100	0	22.3	120
Meeting Frequency	Number of full-membership meetings held in the last 3 years	0	13.6	120	0	9.1	72
Meeting Attendance	Percent of members that attended most recent full-membership meeting	2.7%	53.6%	100%	1.0%	36.2%	100%
President Tenure	Number of years that the current president has been in office	0	3.3	13	0	3.1	6
President Term Limit	Dummy: term-limit for president	0	.6	1	1	1	1

Note: $N = 156$

The data analyzed here contain responses from 115 business organizations and 41 agricultural organizations. The survey was carried out between September and December 2012 and applied to elected presidents or hired directors of organizations belonging to the two largest confederations of business chambers--CONCANACO (Chambers of Commerce) and CANACINTRA (Chambers of Industry)—and three prominent confederations of agricultural organizations—CNC, CCC, and ANEC.⁷¹ The sample includes organizations from all 32

⁷¹ The survey for business organizations was implemented online; potential participants were emailed a link to an online survey that I designed using Qualtrics. Agricultural organizations were surveyed using a printed questionnaire that was distributed to leaders of these organizations that attended periodic national meetings. The different modes were implemented to maximize response rates: while business organization leaders frequently use the internet in their day-to-day operations, many leaders of agriculture organizations are less comfortable with this medium. Each questionnaire featured approximately 30 items, broken into three sections, dealing with basic organizational traits,

Mexican federal entities (31 states plus Mexico City). I chose the five confederations in the survey on the basis of three criteria: First, all members organizations are primarily made up of micro- and small-scale farmers or business owners, and thus classify as “non-elite.” Second, the confederations are all national in scope and have state-level affiliates in the majority of Mexican states. And third, the organizations offer variation across the most prominent sub-sectors within their respective sectors: commerce and industry in the business sector and commodity grains (e.g., corn, wheat) and high-value export crops (e.g., coffee, avocados) in the agricultural sector. Table 2 shows summary statistics for organizational traits measured in the survey.

Member Services: A first indicator of organizations’ membership conditions is the number of services that organizations offer to their members. Organizations typically must offer selective benefits in order to recruit, retain, and mobilize members. Such selective benefits often take the form of services that are exclusive to members, such as training, networking opportunities, or access to finance. Thus, organizations that offer numerous desirable services to members are likely to enjoy autonomy in their ability to achieve collective action. However, organizations that fail to offer such services are prone to turn to political parties, which provide the organizational leader with distributive goods that she can use as selective benefits.

Resource Flows: A second indicator of membership conditions is an organization’s resource flows. In order to conduct activities or provide services that appeal to members, organizations require financial resources. Organizations may acquire these necessary financial resources from several sources, including member dues, fees charged for providing services, state subsidies, or from selling goods and services to the general public. While it is difficult to establish an objective amount of funding that is sufficient for an organization, the diversity of an organization’s funding sources is an observable trait that reflects an organization’s financial stability. An organization that counts on several different sources of funding is likely to be quite stable, as it is not vulnerable to the withdrawal of any one funding source. In contrast, an organization that experiences a severe funding shortage is vulnerable to entering into a dependent relationship with a political party, in which the party provides financing in exchange for the organization’s support in elections.

Modes of Participation and Demand-Making

I created five indices to capture different forms of policy participation and demand making for surveyed organizations. These indices fall into two categories. The first three indices correspond to different arenas of political participation: *the institutional arena*—contacting bureaucrats or elected officials; *the electoral arena*—contacting political parties or participating in campaigns; and *the extra-institutional arena*—organizing protests or media campaigns. The next two indices correspond to types of demands that organizations levy: *distributive demands*—demands that regard subsidies and other distributive programs, and *programmatic demands*—demands that regard infrastructure investments and regulatory policy. Organizations that limit their demands to the distributive arena represent a narrow scope of interests, while organizations that incorporate programmatic demands represent a broader scope of interests. The component

demand-making strategies, and policy participation. The median response time for completed online surveys was approximately 18 minutes.

measures from the survey for these indices are laid out in Table 3. By including multiple measures, these indices provide a fuller representation of the different modes of policy participation and demand making than any single indicator would. However, the findings that follow are robust to a variety of specifications that isolate individual component measures within the indices.

Table 3: Indices of Modes of Participation and Demand Making

Index	Measures Used
Institutional Participation (0-10)	<i>Business and Agriculture:</i> (# of elected politicians contacted in last year—max 5) + (# of ministries contacted in the last year—max 5)
Electoral Participation* (0-6)	<i>Business:</i> (# of political parties contacted in last year—max 3) + (# of member candidates for elected office in last 3 years) <i>Agriculture:</i> (ordinal frequency of party contact—max 3) + (dummy: formal party affiliation) + (dummy: member candidate for elected office in last 3 years) + (dummy: organization campaign benefits to members)
Extra-Institutional Participation* (0-6)	<i>Business:</i> (ordinal frequency of media campaigns in last 5 years—max 5) + (dummy: protest in last 5 years) <i>Agriculture:</i> (ordinal frequency of media campaigns in last 5 years—max 3) + (ordinal frequency of protest in last 5 years—max 3)
Programmatic Demands* (0-2)	(dummy: contacted ministry for distributive issue in past year) + (dummy: contacted politician for distributive issue in past year)
Distributive Demands* (0-4)	(dummy: contacted ministry for distributive issue in past year) + (dummy: contacted politician for distributive issue in past year) + (dummy: protest with distributive demands in past year) + (dummy: media campaign with distributive demands in past year)

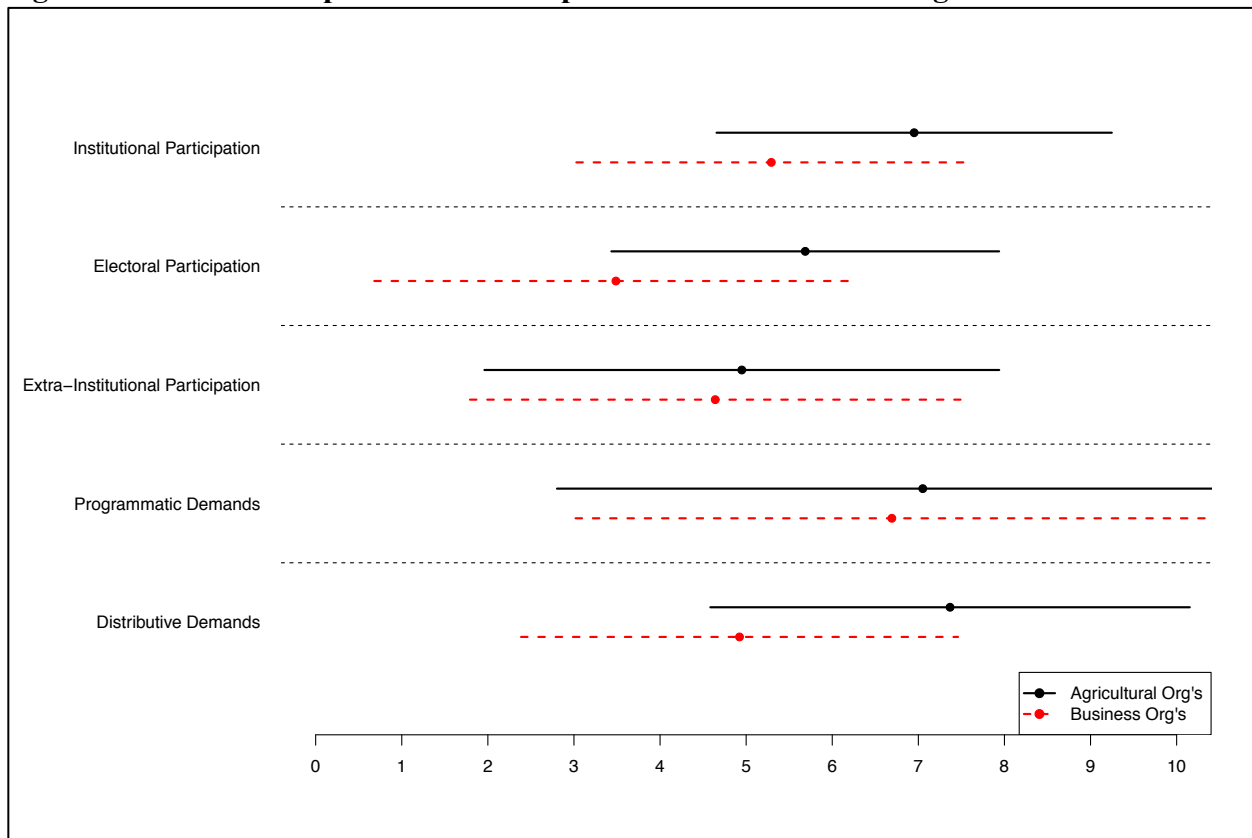
*For comparability, all indices were standardized to a 10-point scale

I am most interested in understanding the explanatory factors behind organizations' choices of demands. Thus, the central outcome of this study is reflected in the programmatic demands index and distributive demands index. If an organization finds itself in the patronage trap, we expect it have a high score on the distributive demands index—reflecting frequent participation in demand making for government handouts—and a low score on the programmatic demands index. On the other hand, an organization that has evaded the patronage trap is likely to have a higher score on the programmatic demands index, which may or may not be accompanied by frequent distributive demand making. Regarding the forms of political participation, I expect an organization in the patronage trap to have a high level of electoral participation and low levels of institutional and extra-institutional participation, as such an organization is forced to forgo direct contact with politicians, protest, and media campaigns in favor of campaign mobilization. Finally, if my theory is correct, programmatic demands should be associated with non-electoral forms of participation—the institutional and extra-institutional participation indices—as I have

argued that collective-action capacity leads to programmatic demand making in part through the mechanism of enabling broader forms of state engagement.

Figure 4 shows the average scores and standard deviations of organizations surveyed in the agricultural and small-business sectors for each of these indices. Mean scores for agricultural organizations are higher than those for small-business organization across all indices.⁷² However, in many cases, the differences are slight, and the high degree of dispersion demonstrates that within-sector variation is more substantial than across-sector variation, most notably in the programmatic-demands index. The largest cross-sectoral differences occur for the electoral participation and distributive demand-making indices, where the mean difference is greater than two points on the ten-point indices. Notably, electoral participation and distributive demand making are most closely associated with party dependence, suggesting that rural organizations are more vulnerable to the patronage trap than small-business organizations. It should be noted however that high scores on the electoral participation index are not conclusive evidence of dependent party linkages as organizations may engage in campaign events in a non-partisan way, as shown in the second case study above.

Figure 4: Sectoral Comparison of Participation and Demand-Making Indices



Note: N= 155. Indices were standardized to a 10-point scale for comparability.

⁷² Higher scores among agricultural organizations are potentially due to a higher degree of acquiescence bias for respondents in this sector. In multivariate analyses I account for the possibility of this bias by controlling for sector.

I proceed by conducting multivariate regression analyses, focusing on the relationships between the above-described indices and three organizational traits: class composition, resource diversity, and member services. *Class Composition* is measured as the percent of the organization's members that belong to the "micro" category for their sector (agricultural producers with less than ten hectares of land and business owners with fewer than ten employees). Organizations with higher percentages of "micro" members can be thought to have relatively lower-class memberships. *Resource Diversity* is calculated as the number of sources from which organizations receive financing, drawn from the following five sources: membership fees, donations from the confederation, commissions for subsidies received by members, payments for services offered by the organization, and other lucrative activities (such as selling a product to the general public or renting out event spaces). *Member Services* is the sum of the number of services that organizations provide for their members of among the following five types: designing projects, providing access to credit, helping access government programs, providing information about market conditions or politics, and other services (such as legal aid or networking events). Multivariate models also include organization membership size as a control and a dummy variable to differentiate between agricultural and business organizations.

The models in Table 4 provide evidence consistent with the assertion that autonomous membership capacity lends itself to broader forms of political participation and programmatic demand making. Recall that institutional participation (direct contact with politicians and bureaucrats) and extra-institutional participation (protest or media campaigns) are the forms of participation that the patronage trap model predicts are conducive to programmatic demand making. The variables associated with membership conditions—Resource Flows and Member Services—are positively associated with these two forms of participation, albeit in some cases just short of statistical significance. More to the point, both of these indicators of membership conditions are also positively associated with programmatic demand making. Taken together these findings are consistent with the argument that the ability of organizations to solve their membership challenges by generating their own selective benefits for members frees them to engage in policymaking processes that extend beyond patronage exchanges in the electoral arena.

Notably, none of the organizational traits have a statistically significant relationship with electoral participation or distributive demand making, the indices associated with patronage-based linkages with political parties. This suggests that the organizational traits that contribute to member recruitment and mobilization do not cause organizations to withdraw from electoral politics or distributive demand making as much as they enable them to engage in broader forms of political participation and programmatic demand making.

Findings for class and sector are more attenuated; however, they suggest that small-business organizations are less vulnerable to the patronage trap than agricultural organizations. The measure of organizations' class composition—Percent Micro Members—is negatively associated with institutional participation. Organizations with lower-class memberships appear to be disadvantaged in the forms of state engagement that involve direct contact with political elites. Finally, even after controlling for organizational traits, we observe that organizations in the middle-class small-business sector are more active than lower-class agricultural organizations in extra-institutional participation and programmatic demand making. For these organizations, extra-institutional participation overwhelmingly takes the form of media campaigns to pressure the state or influence policy outcomes.

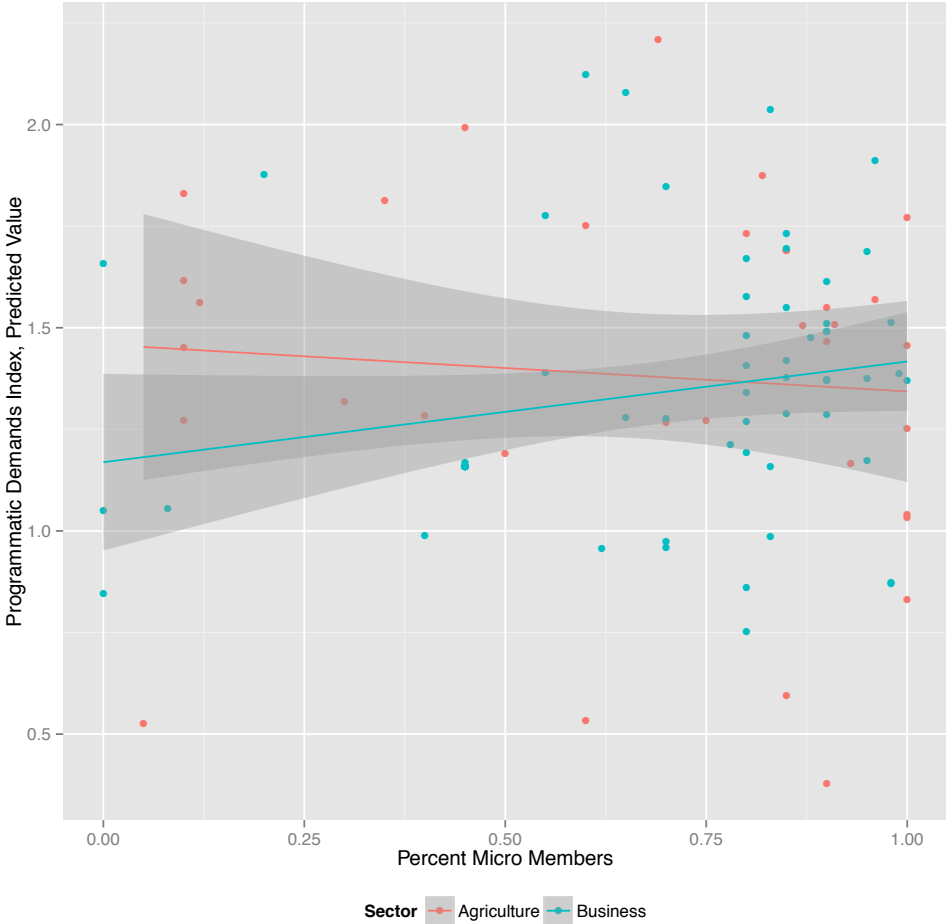
Table 4: Multivariate Models of Organizational Participation and Demand-Making

	Institutional Participation	Electoral Participation	Extra-Inst. Participation	Programmatic Demands	Distributive Demands
Resource Flows	0.29 (0.18)	0.07 (0.22)	0.30 (0.23)	0.11* (0.06)	0.01 (0.08)
Member Services	0.50** (0.21)	0.28 (0.28)	0.46 (0.28)	0.21*** (0.07)	0.08 (0.10)
% Micro Members	-1.67** (0.75)	-0.30 (0.98)	-1.01 (1.01)	-0.07 (0.26)	-0.32 (0.35)
No. of Members	0.00** (0.00)	0.00* (0.00)	0.00*** (0.00)	0.00** (0.00)	0.00*** (0.00)
Business Sector	0.39 (0.64)	-0.55 (0.84)	2.01** (0.84)	0.45** (0.21)	-0.13 (0.28)
(Intercept)	3.71*** (1.08)	3.09** (1.48)	1.02 (1.40)	0.01 (0.36)	1.93*** (0.48)
R ²	0.26	0.15	0.16	0.20	0.33
Adj. R ²	0.22	0.10	0.11	0.16	0.29
Num. obs.	96	94	94	99	98

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

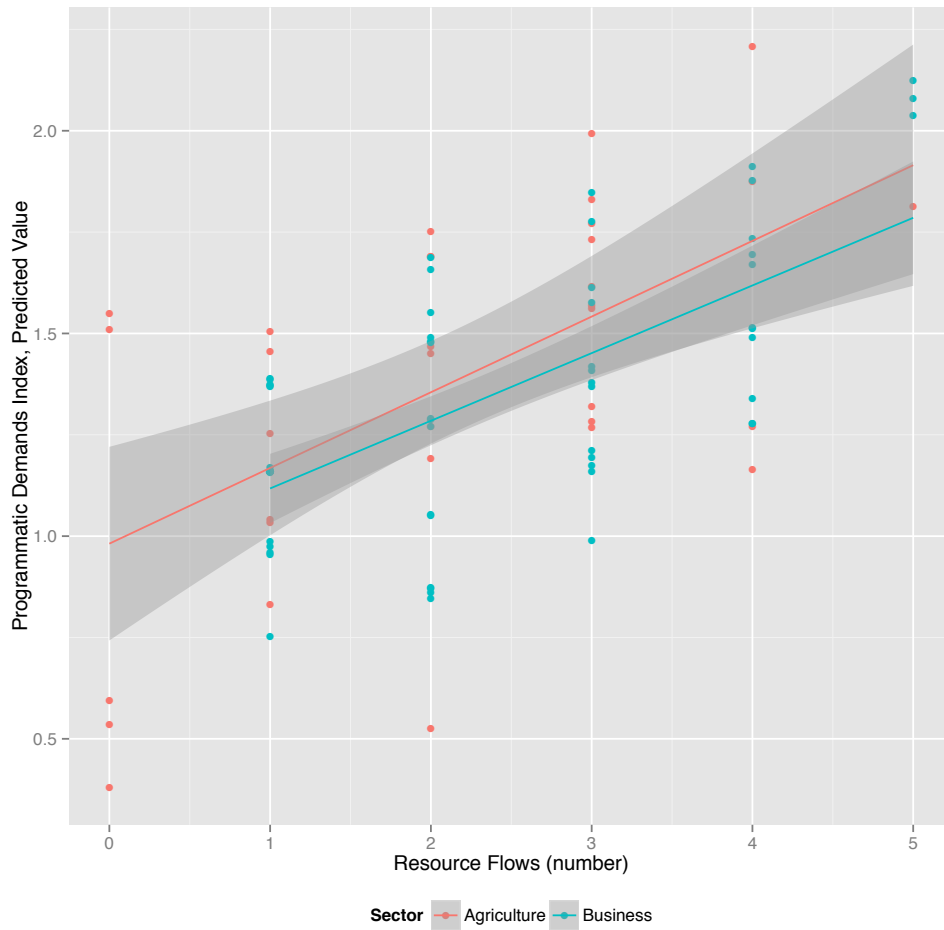
The graphs in Figures 5, 6, and 7 plot each of the three organizational traits against predicted values for the programmatic demand-making index, derived from the fourth regression model displayed in Table 3. These graphs are visual representations of the relationships between each trait and programmatic demand making for each of the two sectors, controlling for the other variables included in the model. As displayed in the Figure 5, organizations' class composition appears to have no significant relationship with programmatic demand making. The line is flat for agricultural organizations and while there is a positive slope for small-business organizations, the relationship is not significant—as there are only a handful of cases in the lower-left quadrant. This finding suggests that the common argument in the party-linkage literature that lower classes are more likely to favor patronage (i.e. distributive benefits) over programmatic benefits does not extend to economic interest organizations in Mexico once controlling for other factors.

Figure 5: Class Composition and Programmatic Demand Making



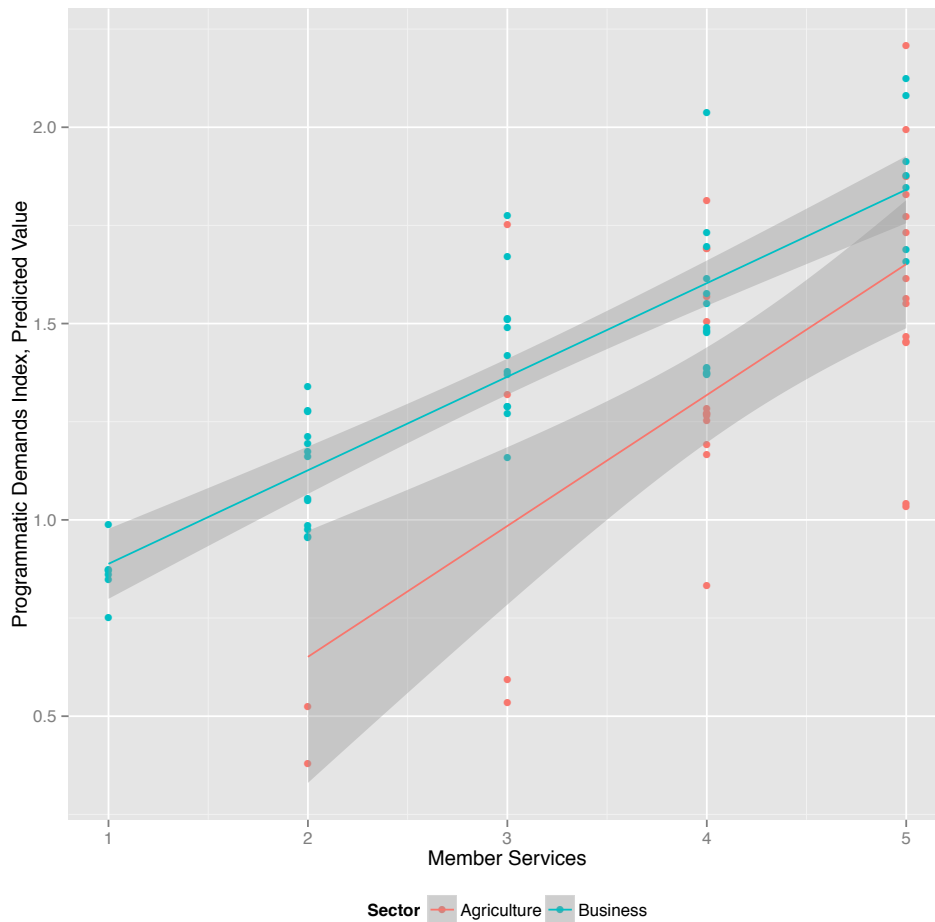
Note: $N = 99$. Predicted values on the y-axis are drawn from Model 4. Shaded bands display 95 percent confidence intervals.

Figure 6: Organizational Resources and Programmatic Demand Making



Note: $N = 99$. Predicted values on the y-axis are drawn from Model 4. Shaded bands display 95 percent confidence intervals.

Figure 7: Organizational Services and Programmatic Demand Making



Note: $N = 99$. Predicted values on the y-axis are drawn from Model 4. Shaded bands display 95 percent confidence intervals.

In contrast, Figures 6 and 7 provide compelling evidence that organizations in both sectors with more diverse resource flows and those that offer a broader array of member services are more likely to make programmatic policy demands. Findings are remarkably consistent across the two sectors—agricultural organizations that have diverse resource flows and that offer multiple member services participate just as much in programmatic demand making as small-business organizations with similar organizational traits.

Recall that the patronage trap model suggests that membership conditions shape organizations' demand type through the mechanism of *modes of state engagement*. Models in Table 5 provide tentative evidence that the association between membership conditions and programmatic demand making is mediated through organizations' modes of state engagement, as represented by the participation indices. The first model here repeats the model predicting programmatic demand making from the Table 3. The following three models introduce each of the participation indices into this model and the final model includes all three participation

indices. We see that the institutional participation and extra-institutional participation indices are associated with programmatic demands, evidence that organizations that engage more in these non-electoral forms of participation are in better position to make programmatic demands than those that limit their political participation to the electoral arena. Additionally, when the institutional and/or extra-institutional demands indices are included in the model, the coefficients for the traits associated with membership decline compared with the base model, suggesting that the effect of resource flows and member services on programmatic demand making operates through the mechanism of enabling organizations to engage in broader forms of political participation.

Table 5: Multivariate Models of Programmatic Demand Making Including Modes of State Engagement

	Model 1	Model 2	Model 3	Model 4	Model 5
Institutional Participation		0.17*** (0.03)			0.15*** (0.04)
Electoral Participation			0.05* (0.03)		0.00 (0.03)
Extra-Inst. Participation				0.10*** (0.03)	0.05* (0.03)
Resource Flows	0.11* (0.06)	0.06 (0.06)	0.11* (0.06)	0.09 (0.06)	0.07 (0.06)
Member Services	0.21*** (0.07)	0.11 (0.07)	0.19** (0.08)	0.15** (0.07)	0.11 (0.07)
Percent Micro Members	-0.07 (0.26)	0.22 (0.24)	-0.07 (0.27)	-0.07 (0.25)	0.14 (0.25)
Number of Members	0.00** (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Business Sector	0.45** (0.21)	0.29 (0.20)	0.43* (0.23)	0.34 (0.22)	0.38 (0.24)
(Intercept)	0.01 (0.36)	-0.47 (0.35)	-0.06 (0.41)	-0.08 (0.35)	-0.61 (0.43)
R ²	0.20	0.36	0.19	0.30	0.37
Adj. R ²	0.16	0.32	0.14	0.25	0.31
Num. obs.	99	96	94	93	87

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

We must interpret these models with caution, as multivariate regression on observational data is not sufficient to prove causal relationships, much less to identify causal mechanisms. However, these results taken together provide two pieces of evidence that are consistent with the patronage trap model and case study evidence presented above. First, the ability of organizations to sustain themselves economically and recruit and mobilize members through the allocation of self-generated selective benefits is associated both with broader forms of political participation, and particularly participation outside electoral realm. Second, these same traits are associated

with a higher incidence of programmatic demand making, and this relationship is potentially mediated by non-electoral participation.

VI. Conclusion

In this chapter, I investigate why economic interest organizations sometimes make demands on behalf their sectors and other times focus their efforts on extracting patronage benefits that only accrue to the organization and its members. Similar questions, having to do with a political actor's scope of interests, have been asked in the context of party-voters linkages, labor unions, and social movements. However, until now, we have lacked a theory to explain the types of demands levied by interest organizations.

I laid out an equilibrium model in which organizations' membership conditions shape demand-making strategies through the mechanism of modes of state engagement. I refer to the pernicious equilibrium state as "the patronage trap," wherein organizations' inability to independently recruit, retain, and mobilize members causes them to enter into patronage-based linkages with political parties, which lock organizations into a self-reproducing cycle in which they prioritize government handouts over sectoral policy influence.

I then illustrated this model and the parallel virtuous cycle of programmatic participation with case studies of four interest organizations in Mexico. I began with the CCC-Jalisco, an agricultural organization that has fallen prey to the patronage trap. An inability to recruit and mobilize members from its poor rural base has led this organization to enter into a clientelistic linkage with a left-wing party, wherein it provides campaign resources for the party in exchange for subsidies, which the organization leader allocates selectively to spur member participation. In contrast, RedCCAM, another agricultural organization recruits members through the promise of participation in a grain cooperative and the organization's training activities. With less of a need to constantly extract distributive benefits from the state to ensure organizational survival, RedCCAM is able to engage the state in a more diverse and autonomous fashion, combining electoral participation with lobbying and protest. Ultimately, these modes of participation permit RedCCAM to integrate programmatic demands alongside distributive demands.

The comparison between two small-business chambers—CANACO-Guadalajara and CANACINTRA-Morelia—also highlights the organizations' membership conditions as an important explanatory factor. CANACO-Guadalajara attracts members through training services and networking opportunities, freeing the chamber to prioritize programmatic policy goals such as regulation of informal commerce and infrastructure policy. Having attained a reputation as an advocate for the interests of small business in Jalisco, this chamber reproduces its programmatic orientation by attracting civic-minded members and practicing internal democracy. In contrast, CANACINTRA-Morelia is an example of a small-business organization with a centrally distributive orientation. This organization differs from the clientelist mode of the patronage trap model in that its dependence on state largesse does not result from an overt alliance with a political party, but rather from distributive and corporatist benefits flowing from the federal government. Unable to sustain an ample membership base without this support, CANACINTRA devotes much of its resources to the process of recruiting business through the SIEM and intermediating federal programs that provide financial benefits for the organization and its members.

Finally, I fostered evidence from an original survey of economic interest organizations across all Mexican states, showing that resource flows and member benefits—indicators of organizations’ membership conditions—are associated with broader participation strategies and programmatic demand making. Social class, the prominent explanation for distributive and programmatic demands in the party-voter linkage literature, only tells part of the story when it comes to interest organizations. On the one hand, lower-class interest organizations are certainly more vulnerable to clientelistic pressures than middle-class organizations, both because these organizations suffer from resource and membership deficiencies and because their members demand government handouts. However, I have shown that we must turn our attention to the internal traits of organizations themselves to understand how organizations representing the popular classes can resist pressures to abandon programmatic interests in favor of patronage ties.

In the next chapter, I turn my attention to the state, asking how ruling administrations in three Mexican states adopt strategies for incorporating interest organizations into distributive and programmatic policymaking. I also show how these strategies interact with organizations’ demand-making strategies. Where the ruling administration and the organization share preferences for policymaking—e.g. a distributive-seeking organization encounters a state government eager to incorporate that organization into distributive politics—that mode of policy participation results. However, where the organization and party have conflicting goals, outcomes are more contingent.

Chapter 4: Explaining Ruling Parties' Incorporation Strategies

I. Introduction

In the previous chapter I discussed the *organization-level* factors that lead organizations to either focus their demand-making strategies narrowly on extracting distributive benefits from the state or to combine distributive demands with programmatic demands. In this and the next chapter I look at *party strategies* for incorporating interest organizations into distributive and programmatic policymaking, focusing on two explanatory factors. First, parties have *participatory preferences*, traits inherent to the party organizations that determine which organizations classify as core and non-core and how the party prefers to engage with each. Second, ruling parties have differing *electoral goals*, shaped by their electoral trajectories in the state and the solidity of their hold on power. Together, these chapters will show that electoral threats to the ruling party incentivize administrations to incorporate core organizations to a greater degree in programmatic politics, while reaching out to non-core organizations with distributive benefits.

In this chapter I conduct detailed case studies of two states governed by former opposition parties facing electoral threats from the PRI (which eventually reclaimed the governorship in each): Jalisco, where the PAN displaced the PRI in 1995 and Michoacán, where the PRD displaced the PRI in 2002. These two states exemplify post-transition Mexico, where elections are closely contested and parties compete with each other for the support of interest organizations. The PAN and PRD administrations had the same goals of consolidating ties to core organizations while also building short-term linkages with non-core organizations to broaden their base at election time. I also briefly discuss a third state, Estado de México, where the PRI governs without an electoral threat. The contrast between economic sectors in each state presents variation in ruling parties' approaches to organizations in their core and non-core constituencies. As I show, business organizations classify as core for the center-right PAN, dissident agriculture organizations for the center-left PRD, and the National Peasant Confederation (*Confederación Nacional Campesina*, CNC) for the once-dominant centrist PRI. I draw on evidence from qualitative field research, including interviews with elected leaders and staff of the most prominent organizations in the business and agricultural sectors, representatives of political parties, and staff at ministries charged with carrying out rural development and small-business development policy. I also integrate evidence from newspapers and secondary sources to characterize the relationships between states and interest representations over the course of past administrations.

My analysis in these two chapters contrasts with existing research on party-voter linkages, which seeks to explain why some parties appeal to voters with non-exclusive policy promises while others form clientelistic linkages with voters based on the exchange of exclusive benefits for political support (Kitschelt 2000; Magaloni, Diaz-Cayeros, and Estévez 2007; Piattoni 2001; Shefter 1977). My approach departs from these studies in two key ways: first, I look at the policy participation of collective actors—interest organizations designed to represent specific economic sectors in policymaking as opposed to individual voters; and second, I do not assume that programmatic and distributive participation are mutually exclusive, but also allow for organizations to participate in both or neither of these policy realms. These modifications to

the analytical approach allow me to realistically depict the full range of variation; while organizations may principally levy programmatic or distributive demands, ruling politicians choose incorporation strategies corresponding to varying levels of incorporation of both core and non-core organizations in these two policy arenas.

Incorporation Strategies

My dependent variable has to do with the degree to which a ruling party reaches out to core and non-core sectors with respect to both programmatic and distributive policies. The analysis shows that the two state governments analyzed here—both parties under threat—pursue the incorporation strategy of consolidating ties to core organizations through high levels of programmatic incorporation while reaching out to non-core organizations with distributive benefits at election time. For a given ruling party-organization pairing, both programmatic and distributive incorporation are scored as high, medium, or low.

My analysis of state actors is focused on the incentives to the ruling party on the state level. This is not to say that parties out of office are unable to form electoral linkages with interest organizations or to make efforts to facilitate their participation in public policy. However, given that the governor and the ministries that she controls drive both programmatic participation (e.g., the operation of consultative councils) and distributive participation (e.g., the disbursement of subsidies), the actions of the ruling party are highly determinative of the degree of participation enjoyed by an organization in both policy areas. This tendency is especially pronounced in Mexican state politics, where policymaking authority is tilted drastically in favor of the executive branch.

As discussed in previous chapters, programmatic policies are those that affect the sector within which the organization operates. This policy arena concerns infrastructure investments, regulatory policy, and the adoption or administration of support programs that benefit a broad swath of economic actors. The distributive policy arena generates benefits that accrue only to the organization or its members, and includes subsidies and social programs that are either mediated by the organization itself or earmarked for organization members. A given state administration may pursue a different incorporation strategy for each organization, however organizations in the same sector—e.g. dissident agriculture or small business—tend to group together.

Incorporation in programmatic policies reflects the degree to which the state government promotes the organization's participation in the design of policies that affect its sector, such as regulatory policy, infrastructure, and the adoption of support programs. At high levels, programmatic incorporation involves the delegation of policy design to the organization, which may occur through formal mechanisms that guarantee influential organizational input or through extraordinary informal access to decision makers. At this level of incorporation, state and party actors often invite representatives of the organization to run as candidates or to hold ministerial posts. The intermediate level of incorporation in the programmatic realm is consultative in nature. The organization is granted space to provide opinions about policy, either through formal institutions such as consultative councils or regular informal contact with policymakers. However, the organization's input is not binding and may be superficial. Organizations that are excluded from programmatic policymaking struggle to gain the attention of policymakers and are not invited to participate in consultative councils or only invited to participate in extremely superficial ways.

In the distributive policy arena, incorporation strategies vary in the degree to which they use the organization for the implementation of distributive programs—that is, the allocation of the benefits that are generated by distributive programs. This degree of incorporation is observed through the actual share of subsidies or other distributive benefits that the organization receives or manages. High levels of programmatic incorporation may follow a technocratic or clientelistic logic (or both). That is, the organization may be incorporated on the basis of its ability to further state development goals or on in exchange for electoral support. Finally, state governments may exclude organizations entirely from the distributive process, instead delivering benefits directly to beneficiaries or mediating them through other actors.

Explaining Incorporation Strategies: Participatory Preferences and Electoral Goals

Two factors shape the incorporation strategies that ruling parties pursue—the participatory preferences of the party organization and the electoral goals of the party. The former reflects the pre-electoral characteristics of the party, including its relationship to organizations in different sectors—defining which organizations belong to its core and non-core constituencies—and its routinized modes of interacting with core and non-core organizations.⁷³ For a given party, core organizations are those that share programmatic goals with the party and are “network proximate” (Stokes et al. 2013, 34) to the party, in that many of the organizations members are also members of the party or belong to the same social circles as the party leaders (attended the same universities, live in the same neighborhoods, etc.) The participatory preferences of the parties reflect the routinized modes of interacting with core and non-core organizations, typically flowing from formal or informal institutions that define the “rules of the game” in party-organization linkages. Through these institutions, parties develop patterns of interest representation that correspond to the incorporation strategies described above. For example, a pure patronage-based party would prefer to incorporate core organizations into programmatic policy at most through a consultative mode and in distributive politics clientelistically, while isolating non-core organizations from both types of policy.

A given administration’s electoral goals interact with its participatory preferences to produce the ultimate incorporation strategy that the ruling party pursues. Electoral goals have to do with the party’s trajectory in the state and the probability that it will lose an upcoming election. Given the lack of an electoral threat, a dominant party is free to pursue its pre-electoral participatory preference, which typically favors core organizations in both policy arenas, as these organizations’ activities are most prone to further both the policy and electoral goals of the party. Such is the case of the Estado de México, a state where the PRI continues to dominate electoral politics.

In this chapter, however, I place the focus on two ruling parties confronting electoral threats from the PRI, which face the challenges of forestalling the defection of core organizations to a rival party that stands a chance of winning an upcoming election and forming short-term linkages with non-core organizations to gain their electoral support in an upcoming election. As discussed in Holland and Palmer-Rubin (2015), parties are more likely to offer distributive benefits than programmatic influence to interest organizations in the context of short-term linkages, as distributive benefits accrue on a shorter time frame than benefits generated by

⁷³ I borrow the terms “core constituency” and “non-core constituency” from Gibson (1996, 9–11), who defines the former as the segment of society that provides ideological and financial resources to the party and is central in creating its identity. See also Luna (2010).

regulatory or infrastructure policies, for instance. Furthermore, programmatic policies are more likely to engender conflict between the party's core and non-core constituencies.⁷⁴ Thus, the optimal strategy for parties under threat is to retain core organizations through privileged programmatic access, freeing up distributive resources for non-core linkages. The challenge of retaining core organizations is particularly significant for parties that have recently assumed power after an extended period of rule by another party, as occurred in many Mexican states, because the newly governing party's ties to its core organizations are unconsolidated.

The next section describes the three major parties in Mexico in terms of their core and non-core constituencies, participatory preferences for each, and strategies available in responding to an electoral threat. The remainder of the chapter analyzes three Mexican states, one governed by each party, on the basis of primary field-research evidence. After diagnosing the electoral goals of each ruling party, I describe the steps that ruling parties in each state took to incorporate core and non-core organizations in policymaking. Table 1 summarizes the incorporation strategies for each ruling party. These strategies do not necessarily correspond to the ultimate level of participation achieved by each organization, as some organizations are able to access policymaking arenas through autonomous means, such contact with opposition party legislators or leveraged through the threat of protest or media campaigns.

Table 1: Incorporation Strategies in Jalisco, Michoacán, and Estado de México

	<i>Electoral Goals</i>	<i>Organizations</i>	<i>Programmatic</i>	<i>Distributive</i>	
<i>Jalisco (PAN)</i>	New right-wing party, under threat	Core	Business	High	Medium
		Non-Core	Dissident Ag CNC	Excluded Excluded	Medium Excluded
<i>Michoacán (PRD)</i>	New left-wing party, under threat	Core	Dissident Ag	High	High
		Non-Core	Business CNC	Excluded Excluded	Medium Excluded
<i>Estado de México (PRI)</i>	Dominant centrist party	Core	CNC	Low	High
		Non-Core	Dissident Ag Business	Excluded Excluded	Excluded Excluded

I begin with the state of Jalisco, where the center-right PAN displaced the PRI in 1995, governing under electoral threat for three consecutive terms. I show how these administrations sought to consolidate the support of business organizations through high incorporation in both programmatic policies and distributive policies and build allies in the countryside through distributive incorporation of non-affiliated groups and exclusion of groups prone to support opposition parties.

I then analyze the case of Michoacán, where the center-left PRD displaced the PRI in 2002 and governed under electoral threat for two terms. PRD governors in Michoacán sought to

⁷⁴ This point generates in Lowi (1964), who argues that distributive policies engender less conflict between groups in society than regulatory or redistributive policies.

consolidate ties to core dissident agricultural organizations through a combination of programmatic incorporation and clientelistic distributive incorporation. These administrations also excluded traditional non-core organizations in the business sector, judging it infeasible to gain their support and instead building a new support base in the small-business sector through the allocation of distributive benefits to new organizations of microentrepreneurs.

Third I discuss the Estado de México, where the PRI has never faced an electoral threat. This administration incorporated core sectoral organizations (e.g. CNC) at high levels in distributive politics, using the organizations as electoral brokers for the party. These administrations sought to exclude non-core (business and dissident agriculture) from both policy arenas, as they viewed their support unnecessary to hold onto power.

II. Party Relationships to Business and Peasants Organizations

The three state-level parties analyzed here vary both in their participatory preferences and electoral goals. These parties, the PAN, PRI, and PRD, can be arrayed from right to left on economic development policy goals with differing preferences for interest-organization participation. The PRI was constructed in the aftermath of the Mexican Revolution and dominated electoral politics for the greater part of the twentieth century.⁷⁵ While this party's hold on power was in large part constructed through corporatist pacts with interest organizations of all economic sectors, in the 1980s it undertook a transition to technocratic policymaking and clientelistic appeals to voters, often brokered through sectoral organizations embedded in the party structure. Today, core organizations for the PRI are those that are incorporated into the party structure. However, given the disparate coalition that the PRI has constructed—featuring groups as diverse as big business, labor, and peasants—the party prefers to incorporate these core organizations through preferential allocations of distributive benefits, as the programmatic interests of the organizations are antagonistic.

During the breakdown of one-party dominance in the 1980s and 90s, the PAN and PRD, opposition parties from the right and left, secured electoral victories in many states and the transition culminated in the PAN's presidential victory in 2000. State-level PRI administrations that faced electoral threats from the PAN or PRD often responded both by increasing distributive inducements for core sectoral organizations to forestall defection and by intensifying the incorporation of non-core organizations. However, in the handful of states where the PRI has yet to face an electoral threat, it tends to exclude non-core organizations from policymaking. Where former dominant parties won electoral office, they faced an ongoing electoral threat from the PRI and the dual challenges of consolidating a party base among core organizations while reaching out to non-core organizations to broaden their electoral appeal in ensuing elections. Typically, these former opposition parties—which have a more clearly defined programmatic position

⁷⁵ The first version of this party organization, formed in 1929, was the National Revolutionary Party (Partido Nacional Revolucionario, PNR). In 1938, the Cárdenas administration incorporated four sectoral organizations into the party, creating the mass-based party structure that persisted. These sectors were constituted by hierarchical confederations of labor, rural, military, and popular organizations. In 1946, the Ávila Camacho administration recast the PRM as the Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI) and the military sector was removed.

regarding economic policy—pursue programmatic incorporation of core organizations to a greater degree than the PRI.

In sum, each party has a set of participatory preferences corresponding to its core and non-core organizations and preferred modes of incorporating each in policy. All three parties prefer to incorporate core organizations in both policy areas to a greater degree than non-core organizations. For core organizations, the PRI prefers low to middle levels of incorporation in programmatic policies, to accommodate its conflicting interests, whereas the PAN and PRD are eager to incorporate their core organizations—small business and dissident agriculture, respectively—at high levels in programmatic policies. All three parties prefer to incorporate core organizations to a high degree in distributive policies, but in response to an electoral threat, all parties will tend to increase distributive incorporation of non-core organizations as well.

The state cases under study are Estado de México, Jalisco, and Michoacán, governed by the PRI, PAN, and PRD, respectively. In Estado de México, the PRI maintains electoral dominance and is thus free to pursue its participatory preferences corresponding to long-term electoral goals. In the latter two states, opposition parties unseated the PRI, the PAN in Jalisco in 1995 and the PRD in Michoacán in 2001. These administrations are charged with consolidating ties to their base while at the same time broadening their support among non-core groups to secure reelection in the face of persistent challenges by the PRI.

PRI

As shown in Figure 1, the PRI’s preference for the participation of its core organizations is high involvement in distributive policies and low involvement in programmatic policies. The PRI also prefers to exclude non-core organizations from both policy areas, reserving these spaces for organizations embedded in the party structure.

Figure 1: Participatory Preferences for the PRI

		<i>Policy Area</i>	
		<i>Programmatic</i>	<i>Distributive</i>
<i>Constituency</i>	<i>Core</i>	Low	High
	<i>Non-Core</i>	Low	Low <i>(Under threat: Medium)</i>

The PRI presents a challenge to the definition of core organizations. The party retains longstanding ties to a broad array of popular-sector organizations that have remained incorporated into the party for several decades through its sectoral system, despite the fact that the party's national leaders have pursued development policy goals that are in conflict with those of the organizations since the 1980s. However, PRI-affiliated labor unions and peasant organizations certainly classify as core under the organizational overlap criterion, as these organizations constitute elements of the party itself. Owing to this programmatic disparity, the PRI is the party whose ties to core organizations are most fundamentally about the allocation of patronage. In this study, the CNC is the only organization that I classify as core for the PRI. This rural confederation is constructed on the skeleton of groups of smallholder farmers known as *ejidos*, but also includes many non-farmer elements. The CNC's mandate to win rural votes for the PRI, typically by brokering patronage goods, often supersedes its efforts to represent small-scale farmers' interests in policymaking. The PRI's participatory preference for the CNC is characterized by a high level of incorporation in the distributive arena, following a clientelistic logic, and middling incorporation in programmatic politics. Where dominant, as in Estado de México, PRI administrations are free to pursue rural development strategies favoring large-scale producers in the programmatic arena, while continually reconfirming clientelistic ties to the CNC through preferential allocation of distributive programs.⁷⁶

This study analyzes two types of organizations that are non-core for the PRI—dissident agricultural organizations and small-business organizations. Dissident agricultural organizations are those that oppose the PRI on two counts—concerning its mode of top-down control of rural organization and its promotion of an export-led model of rural development that favors large-scale farmers. I pay the greatest attention to two dissident agricultural confederations, the National Association of Commercializing Enterprises of Rural Producers (Asociación Nacional de Empresas Comercializadoras de Productores del Campo, ANEC), and the Cardenista Peasant Central (Central Campesina Cardenista, CCC), but also mention others. Many of these organizations were formed in the 1980s and 1990s, either by CNC defectors or other rural communities and some organizations' members are not uniformly agricultural. While dissident organizations steadfastly declare partisan autonomy, many sympathize with the PRD, with variation in whether they openly declare their alignment in particular elections. PRI administrations typically prefer to exclude these organizations from both programmatic and distributive politics and this outcome prevails in the Estado de México.

The other non-core sector for the PRI that I analyze includes small-business organizations, focusing on state and local bodies belonging to three large confederations: the National Confederation of Chambers of Commerce (Confederación de Cámaras Nacionales de Comercio, CONCANACO), the National Chamber of Industry (Cámara Nacional de la Industria de Transformación, CANACINTRA), and the National Employers Confederation of Mexico (Confederación Patronal de la República Mexicana, COPARMEX). While these organizations

⁷⁶ Such ongoing allocation of benefits to core organizations is similar to the practice that Díaz-Cayeros, Estévez, and Magaloni (2012b, 104) describe in the context of vote buying, wherein “politicians deliver goods to gain their client’s loyalty, which...is endogenous or conditional on the supply of benefits.”

are consistently true to their nonpartisan statutes, below I argue that they belong to the core constituency of the center-right PAN, an assertion that is most obvious in the case of COPARMEX, which has opposed the PRI's mode of economic stewardship and interest representation since its founding. The PRI's participatory preference for these business organizations is exclusion from both policy arenas.

PAN

As shown in Figure 2, the PAN's preference for the participation of its core organizations is high involvement in both distributive and programmatic policies. Like the PRI, the PAN prefers to exclude non-core organizations from both policy areas. When facing an electoral threat, the PAN will also increase distributive allocations to non-core organizations.

Figure 2: Participatory Preferences for the PAN

		<i>Policy Area</i>	
		<i>Programmatic</i>	<i>Distributive</i>
<i>Constituency</i>	<i>Core</i>	High	High
	<i>Non-Core</i>	Low	Low <i>(Under threat: Medium)</i>

Owing perhaps to its middle-class base and its historical aversion to the PRI's patronage tactics, the PAN is the party whose ties to core organizations—business organizations in this study—are most characterized by programmatic participation. Organizations of small- and medium-sided business owners—most famously COPARMEX—played a founding role in this party and have helped establish the party's economic policy platform, based on an opposition to land reform, union-friendly labor policy, and expropriations. Even today, PAN administrations find themselves in agreement with business chambers and other business actors on economic policy. On the local and state levels, PAN administrations and business chambers share the goal of creating a profitable environment for formal-sector small and medium businesses—upholding regulations against informal-sector competitors, attracting foreign investment and industrial firms prone to subcontracting local firms, and investing in infrastructure to accelerate the growth of business clusters. In an attempt to consolidate their place within the PAN, this party's three

administrations in Jalisco have consistently incorporated business organizations at high levels in programmatic policies, often nominating their leaders to ministerial posts and delegating aspects of policy design. In the distributive realm, the state government has only incorporated small-business organizations at a medium level, preferring to use small-business subsidies for projects that appeal to broader populations by directly delivering small subsidies to business owners, building industrial parks, or organizing conventions.

The rural organizations studied here—the CNC and dissident organizations—are non-core organizations for the PAN, and given the remote possibility of gaining their electoral support, PAN administrations in Jalisco prefer to exclude these organizations from both policymaking arenas, despite their electoral threat. However, given the extraordinary political power wielded by the CNC, these administrations have permitted the superficial participation of this confederation in consultative councils. Disfavoring these organizations in distributive allocation, PAN administrations prefer to administer these programs technocratically—honoring the formula-based distribution criteria, and avoiding the practice of coopting local organization leaders through patronage bargains. However, where the PAN has encountered agriculture organizations with a predisposition to the entrepreneurial production model and a lack of ties to the PRI or PRD, they have been incorporated to a medium degree in distributive politics.

PRD

Like the PAN, the PRD prefers to incorporate core organizations at a high level in both policy levels (Figure 3). And similar to both other parties, PRD administrations prefer to exclude non-core organizations from both policy areas and to increase distributive allocations to non-core organizations when facing an electoral threat.

Figure 3: Participatory Preferences for the PRD

		<i>Policy Area</i>	
		<i>Programmatic</i>	<i>Distributive</i>
<i>Constituency</i>	<i>Core</i>	High	High
	<i>Non-Core</i>	Low	Low <i>(Under threat: Medium)</i>

Like the PAN, the PRD's relationship to interest organizations is shaped by its position as a former opposition party, and it likewise faces the challenge of constructing a party base among organizations that have previously engaged with PRI politicians. However, the PRD also has the distinction of having been born from a split in the PRI and many of its leaders are accustomed to PRI-style patronage tactics. Thus, the PRD has been wrought with internal dilemmas pitting the project of constructing a programmatic leftist party against the well-honed tactics of cooptation and clientelism. With the exception of Mexico City (Distrito Federal), PRD governments have consistently been under threat from the PRI and therefore have been charged with the dual challenges of consolidating ties to popular-sectors core organizations while also reaching out to non-core groups whose support may be pivotal in upcoming elections. Dissident agricultural organizations, ANEC and the CCC, are the core organizations for the PRD that I analyze. These organizations share the PRD's opposition to the liberalization of agricultural markets, the withdrawal of state supports for small-scale farmers, and the PRI's corporatist practices. The CCC has overtly declared its affiliation with the PRD, while ANEC's ties to this party (and its offshoot MORENA) are similar to the relationship between COPARMEX and the PAN—clear affinity, but with formal nonpartisanship. ANEC's president has been a federal deputy with the PRD and was tabbed by the PRD's 2012 presidential candidate as the prospective Secretary of Agriculture. PRD administrations in Michoacán have sought to incorporate dissident agriculture organizations at a high level in both programmatic and distributive policies.

Non-core organizations for the PRD analyzed here include the CNC and business organizations. These two types of organizations present significant contrasts—the former is poor, rural and patronage seeking, and the latter is middle-class, urban, and programmatic. As in the case of the PAN in Jalisco, the PRD in Michoacán invited the CNC to participate in consultative councils without paying heed to its input, constituting a medium degree of programmatic incorporation and excluded this confederation from distributive politics. Finally, the PRD's participatory preference for business organizations is exclusion from both policymaking arenas. However given business organizations' elevated structural and instrumental power, PRD administrations have found that their electoral and economic development goals are best served by granting consultative programmatic access to such organizations, in order to prevent capital flight or damaging media campaigns.

III. Jalisco: A PAN Government Under Threat

PAN administrations in Jalisco pursued the strategy of incorporating core small-business organizations in programmatic policies, oftentimes by nominating leaders of these organizations to ministerial posts—while reaching out to non-core populations with distributive programs. I score core business organizations as having a high level of programmatic participation and a medium level of incorporation into distributive policies. Because these organizations, and particularly COPARMEX and CANACO-Guadalajara, have such strong programmatic ties to the PAN, they were willing to forgo high levels of distributive benefits, which the administrations instead allocated with the aim of creating jobs or large infrastructure projects, which appealed to the broader electorate. In the agricultural sector, the PAN judged it unlikely to court the electoral support of either the CNC or dissident peasant organizations, which are closely associated with the PRI and PRD, respectively. Thus, these types of organizations were excluded or incorporated

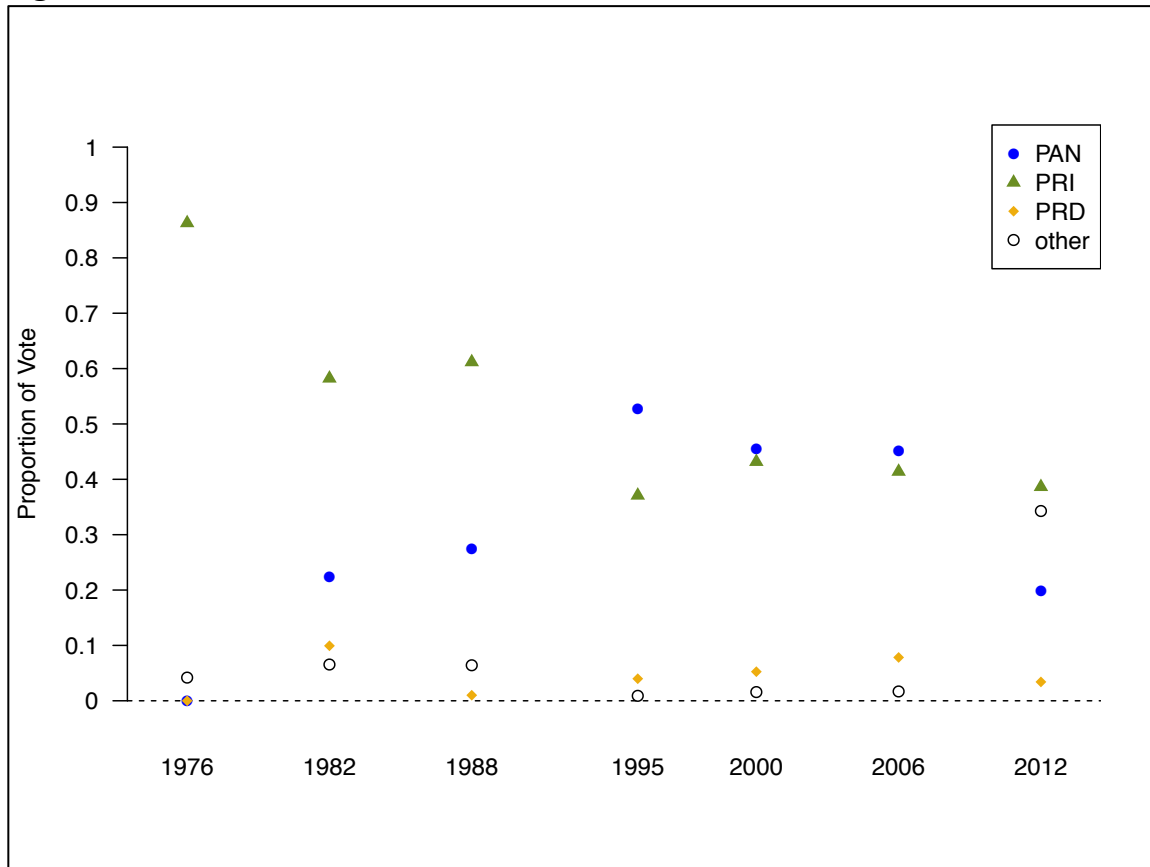
only marginally into both policy areas. Instead, PAN administrations supported the organization of entrepreneurial agricultural interests in an agricultural chamber that enjoyed high levels of incorporation in both policy areas.

The PAN emerged in Jalisco in 1939, as Efraín González Luna, a prominent Catholic intellectual from Jalisco, was one of the two central founding figures of the party, along with Guanajuato intellectual Manuel Gomez Morín (Loaeza 1999, 155–65). As was the case nationally, the party was a minor electoral figure in Jalisco from its founding until the 1980s. During the decades of the 1940s through the 1970s, candidates from the PAN only participated sporadically in municipal and state elections. González Luna was the PAN's first candidate for the presidency, in 1952, finishing a distant second (with 7.8 percent of the vote). However, this candidacy did much to strengthen the profile of the PAN in Jalisco, as the party ran 64 candidates for municipal president in Jalisco in 1952 (Lujambio 2001, 66). Despite its lack of electoral competitiveness, the party maintained a loyal nucleus of support among prominent local businessmen, as well as ties with the local Catholic community (González and Alba Vega 1989; Hernández Aguila and Morales Márquez 2009, 85–87). After declining to run a candidate for the governorship in the 1970 and 1976 elections, the PAN began its ascendancy in the state in the 1980s, officially winning 22.4 and 27.4 percent of the vote in the gubernatorial elections of 1982 and 1988, elections that were marked by widespread accusations of electoral fraud by the PRI, both nationally and locally.

The party finally won the governorship in 1995, amassing 52.7 percent of the vote and defeating the PRI by a margin of 15.6 percentage points (Figure 4). This victory was enabled in large part by the low approval ratings and divisiveness of the PRI in the state, which induced local economic leaders to break ties with the long-time ruling party and support the PAN (Alba Vega 2002, 126–128; Alonso 1995, 58–75; Hernández-Valdez 2000; Lomelí 2001).⁷⁷ The collapse was markedly rapid; the PRI went from holding 107 of Jalisco's 125 municipalities in 1994 to only 65 in 1995. Among the municipalities that the PRI lost in 1995 were all five composing the Guadalajara Metropolitan Zone. Following Cardenas' relatively lopsided victory, the PAN won two more gubernatorial elections, although these were closely contested by the PRI with margins of victory of 2.4 percent in 2000 and 3.8 percent in 2006 and quite low rates of turnout (57.8 percent in 2000 and 60.9 percent in 2006, compared with 71.1 percent in 1995). Despite this constant threat by the PRI, by electing three consecutive PAN governors, Jalisco had positioned itself as one of the PAN's strongholds, alongside Guanajuato, the neighboring state and site of the party's founding. The tides turned in the 2012 election, as the PAN's candidate came in a distant third place after the PRI and the left-wing Movimiento Ciudadano.

⁷⁷ Chroniclers of the Jalisco PRI in the 1990s cite a perfect storm that sunk the official party, resulting from internal struggles for candidate nominations, corruption scandals in the administration of Guillermo Cosío (1989-1992), a growing dissatisfaction with violent crimes in the state (including the assassination of a cardinal in the airport), the 1994 devaluation of the peso, and a gas explosion in Guadalajara that left several hundred dead.

Figure 4: Jalisco Governor Races



Source: CIDAC electoral database (<http://www.cidac.org/esp/Datos/Electorales.php>).

The PAN's first governor in Jalisco, Alberto Cárdenas represented the entrepreneurial "neopanista" wing of the party. He did not come from the long-time PAN community in Guadalajara, but rather had built his career as an engineer and then won the mayoral election in 1992 in the southern Jalisco municipality of Ciudad Guzmán.⁷⁸ Cárdenas' candidacy had been supported by the business community and broader neopanismo movement in Jalisco and inaugurated a period during which leaders of business organizations were centrally involved in governing Jalisco (Alonso 1995, 152–54). While business engagement under PRI administrations had typically been informal, decentralized, and behind closed doors, the organized business community began to play a coordinated and overt role in politics beginning with the elections of 1994 and 1995. In 1990s Jalisco, individual business owners were largely divided between the PRI and the PAN, but given the PRI's depressed reputation and increasing likelihood of a PAN victory, the largest business organizations in the state provided substantial electoral support and policy input for PAN candidates, while still retaining the pretense of nonpartisanship, as defined in their statutes and legally mandated in under the Law of Chambers.

⁷⁸ In fact, as Mizrahi (2003, chap. 4) documents for other states, the PAN in Jalisco was quite split between doctrinaires and entrepreneurs. Cárdenas, similar to Vicente Fox in Guanajuato, was an entrepreneur, without a long history in the party, but with a reputation as an effective administrator, having been named by a local think tank the most effective mayor in Jalisco (Alonso 1995, 152).

In 1992, leaders of several business organizations in the state under the auspices of the CCE published an advertisement in a Jalisco newspaper criticizing Governor Cosío for failings in the area of security (Arellano Ríos 2009, 46).⁷⁹ This was only the most prominent of several instances of veiled or not-so-veiled criticism of the Cosío administration by business organizations that ramped up in the early 1990s and likely contributed to his being deposed by Carlos Salinas in 1992. Dissatisfaction continued under Cosío's successor, Carlos Rivera Aceves (1992-1995), whose administration was wrought with its own security scandals, coming to a head in the 1993 assassination of a prominent Catholic cardinal in the Guadalajara airport. The president of CAREINTRA⁸⁰ from 1993 to 1995 (and later Minister of Economic Promotion under Cárdenas) recounts his organization's discontent with the PRI administrations of the 1990s:

*"We were very critical of the actions of the government (in Jalisco the governor was Carlos Rivera Aceves) and that got us in the media. We spoke out against corruption, inefficiency, overregulation, both of the Jalisco government and the federal government under Carlos Salinas de Gortari."*⁸¹

Once in office Alberto Cárdenas included business-organization leaders in his cabinet at a rate that had been unseen prior. According to Arellano Ríos (2009, 54) six of Cárdenas' cabinet members were businessmen, five of whom had held elected leadership positions in peak-level business organizations in Jalisco, including previous presidents of COPARMEX-Jalisco, the Guadalajara Chamber of Commerce, CAREINTRA, the Jalisco Agricultural Council (Consejo Agropecuario de Jalisco, CAJ), and the Chamber of Shoe Manufacturers (Cámara de la Industria del Calzado del Estado de Jalisco, CICEJ).⁸² Cárdenas' successors followed suit, each naming five businessmen to cabinet posts, among them former presidents of COPARMEX, CANACO, and CICEJ. This presence of business leaders was notable, following three PRI administrations that had had no more than three businessmen in their cabinets, none of whom had served in the leadership of business organizations.

This trend of business organization leaders receiving nominations for the PAN while individual large-business entrepreneurs receive posts for the PRI reflects a national-level pattern.⁸³ This tendency responds to two motives for this party. First was the fundamental

⁷⁹ This episode had similar significance as the famous article taken out by the CCE criticizing national policies of President López Mateos, declaring "¿Por Cual Camino Señor Presidente?" (Which path Mr. President?)

⁸⁰ CAREINTRA (Cámara Regional de la Industria de Transformación del Estado de Jalisco, Regional Chamber of Industry of Jalisco) is the chamber of industrial firms of the state of Jalisco. In all other states, barring Nuevo León, the largest industrial chambers are delegations of the national CANACINTRA.

⁸¹ Taken from: Mellado, Pedro. "Memoria Viva: Carlos García de Alba," *Mural*. November 17, 2013. "*Fuimos muy críticos de las acciones de Gobierno (en Jalisco era Mandatario estatal Carlos Rivera Aceves) y eso nos puso en los medios de comunicación. Hablábamos sobre la corrupción, las ineficiencias, la sobrerregulación, tanto del Gobierno de Jalisco como el Gobierno federal que encabezaba Carlos Salinas de Gortari (periodo 1988-1994).*"

⁸² Two of these figures went on to hold national cabinet positions: Sergio García de Alba, Secretary of Economic Promotion in Jalisco and then federal Secretary of the Economy (2005-2006) and Francisco Mayorga Castañeda, Secretary of Rural Development in Jalisco and then federal Secretary of Agriculture (2005-2006, 2009-2012).

⁸³ For instance, Vicente Fox named former leaders of business leaders to his cabinets, including García de Alba, Mayorga Castañeda, Carlos Abascal, national president of COPARMEX (1995-1997), federal Secretary of Labor (2000-2005) and of the Interior (2005-2006); and Fernando Canales Clariond, president of CANACO-Monterrey, federal Secretary of the Economy (2003-2005) and of Energy (2005-2006). Further, the PAN nominated more

challenge of filling posts with capable managers, and what better figures than leaders from business groups that had played a role in fostering the PAN's rise to power? As Mizrahi (2003, 74–75) puts it:

“(Entrepreneurs) brought to the PAN not only much-needed financial resources, leadership styles, organizational capabilities, and new advertising and marketing techniques drawn from their own business experience. More important, entrepreneurs took a leading role in the organization of campaigns and in many cases became the party’s candidates. They also organized massive postelection mobilizations when an election was suspected of having been fraudulent.”

The nomination of business leaders to executive office and cabinet posts in this way turned a liability—a lack of professional politicians—into a purported strength—the adaptation of a new ethos of governance, based on the party's outsider status and the entrepreneurial values of meritocracy, efficiency, and “the new managerialism” (Mizrahi 2003, 91–93), an image designed to appeal to Mexican voters fed up with the PRI's patronage and corruption. Furthermore, these leaders were uniquely positioned to align the state's economic development goals with those of the business community. The ultra-valuable inducement of nomination to a cabinet post—with its attendant control over distributive spending and prestige for the organization, helped overcome wariness business organization leaders may have had to align themselves more closely with the upstart PAN.

During its 16-year period of holding the state government, the PAN consolidated its ties to organized business, organizations belonging to its core constituency owing to significant organizational overlap and common programmatic goals. This does not mean that Cárdenas and his successors were able to entirely entice organized business away from the PRI. The chambers took a publicly nonpartisan stance (a legal mandate) and they have always had members loyal to the PRI, particularly CAREINTRA.⁸⁴ However, after the 2000 elections, when the PAN secured a second term as governor of Jalisco and also toppled the PRI in the presidential race, the Jalisco business community had greater incentive to associate itself with the PAN.⁸⁵

PAN administrations had not been as successful (or interested) in building ties with the small-scale agricultural community. The CNC remained active and quite politically influential in rural parts of the state, helping the PRI hold onto many municipalities. Dissident agricultural organizations such as the CCC, El Barzón, and CIOAC—while not as prevalent as in the neighboring state of Michoacán—persisted, but were not drawn to the PAN, owing both to a reluctance to align with a right-wing party and to the PAN's lack of an effective party infrastructure and campaign strategy in the countryside.⁸⁶ Thus, rural popular-sector

business organization leaders to congressional posts during Fox's administration than the other parties combined, reaching its peak in the 2006 Chamber of Deputies where 27 out of 206 PAN deputies (13 percent) belonged to business associations, compared to six for the PRI and one for the PRD (Wuhs 2010, 118–119).

⁸⁴ Interviews Jorge Barrón, Coordinador de Asuntos Públicos y Políticos, CANACO-Guadalajara, June 21, 2013; Luis del Valle, Consejero COPARMEX-CesJal; Antonio Guzmán, Coordinador de Asuntos Públicos y Políticos, March 7, 2013.

⁸⁵ Cárdenas later ran in the PAN's 2006 presidential primary election, finishing in third place behind eventual president Felipe Calderón and Santiago Creel.

⁸⁶ Interviews Francisco Javier Guzmán de la Torre, President of El Barzón Agavero, November 12, 2011; Miguel Ángel Rodríguez Castro, Secretary-General, CCC-Jalisco, June 6, 2012.

organizations that left the PRI largely supported the PRD—relying on support from the federal level—or stayed out of electoral politics. Not having to compete with peasant associations opened space for large-scale agricultural producers to strengthen ties with the state government, and the CAJ—more a business chamber than a peasant organization competing with the CNC—became the most privileged organization in agricultural policymaking. A key exception for rural organizations is COMAGRO, a corn commercializing business that presented an entrepreneurial alternative to smallholder agriculture in the context of open agricultural markets. While this organization was not integrated into the governing PAN coalition to the degree that business organizations were, COMAGRO was privileged with distributive programs and perhaps was the only small-scale agricultural organization active in rural development policy in the state (de la Fuente Hernández and Morales Valderrama 1996).

Beginning in 2009, the PRI began an electoral comeback in the state, winning 45 out of 125 municipalities, including four of the five municipalities in the Guadalajara metropolitan area.⁸⁷ Finally, the PRI retook the governorship of Jalisco in 2012, with the victory of Jorge Aristóteles Sandoval Díaz, former mayor of Guadalajara. Like the decline of the PRI in the early 1990s, the PAN's downfall in these years must be understood in the context of national economic strife, low approval ratings for the sitting governor, internal rifts in the party, and a national movement favoring the opposition party, in this case the PRI's trajectory which culminated in the election of Enrique Peña Nieto to the presidency.

In the next section, I show how the electoral context in Jalisco, and particularly the constant threat from the PRI, shaped the last PAN administration's (Emilio González Márquez, 2007-2012) strategies to incorporate business and agricultural organizations in policymaking. First, I show that business organizations—core for the governing party—were granted substantial access to programmatic policymaking, and in many cases acted as pseudo-government agencies in setting economic development policy. This administration was less eager to incorporate business organizations into distributive policy, preferring to channel the state's business support programs to broadly appealing projects such as building industrial parks, attracting foreign businesses, and setting up consultancy centers at universities. Second, I show that the administration found non-core smallholder agricultural organizations to be ill suited as linkage partners, and thus either limited their participation to superficial consultative councils (CNC) or shut them out of policymaking entirely (dissident groups). Instead, González's administration fostered meaningful programmatic participation from entrepreneurial rural interests and foreign-owned agribusinesses.

Business in Jalisco: Synergistic Programmatic Engagement for a Core Ally

PAN administrations in Jalisco have placed small-business development at the center of their economic development agenda. On the one hand, these administrations have delivered benefits to local businesses, spurring entrepreneurship and conditions for traditional firms ranging from small industry in Guadalajara to the tourist industry in Puerto Vallarta. On the other hand, PAN governments have made overtures to attract foreign investment and to position the state of Jalisco as an epicenter of technology in Mexico. While facing an electoral threat from the

⁸⁷ The fifth municipality (Tlajomulco) was won by Movimiento Ciudadano, a minor left-wing party by a candidate who had broken off from the PRD. 2009 was the first year that the PAN lost the municipality of Guadalajara since 1992, and in the intervening elections, the PAN had always held at least two of the five.

PRI greater than that faced by his PAN predecessors as governor, González Márquez reinforced the programmatic participation of business organizations in state development policy, while limiting distributive benefits for these organizations, instead channeling them to highly visible job-creation projects and attracting foreign investment.⁸⁸

Coming into power in the wake of the 1994 economic crisis and entry into NAFTA, Cárdenas focused on attracting foreign investment, particularly in high-tech sectors, by offering tax breaks, training programs for local labor, infrastructure investments, direct subsidies, and reducing red tape (Chapa García 2009, 130–140). This approach has yielded results; firms such as Hewlett Packard, Intel, Motorola, IBM, and Flextronics have moved to the Guadalajara Metropolitan Zone, as well as international industrial giants such as Continental Tires and Kodak. PAN administrations and the largest business organizations—those based in the capital city of Guadalajara—have coincided in the position that such firms bolster local small firms, while also spearheading improvements in education and infrastructure.⁸⁹ Agreements on economic development priorities have been reinforced by the fact that the Ministry of Economic Promotion, the state ministry charged with setting business policy in the state and disbursing business subsidies, has been led by figures associated with these chambers since 1995. Cárdenas drastically strengthened this ministry, charging it with carrying out the ambitious employment generating plan laid out in his proposed Law for the Economic Development of the State of Jalisco,⁹⁰ and increasing its budget from 6.6 million pesos in 1995 to 122.3 million pesos in 2000 (Alba Vega 2002, 128–131). Sergio García de Alba, a former president of CAREINTRA and Secretary of Economic Promotion under Cárdenas oversaw a process of reorganizing and broadening the ministry’s mandate, creating the Consejo Estatal de Promoción Económica (State Council for Economic Promotion), a body charged with promoting investment in Jalisco.⁹¹

The state government opens considerable space for business organizations to shape this mixed strategy of promoting local entrepreneurs and attracting foreign investment. The largest chambers in Jalisco have pushed for the government to set up infrastructure projects to facilitate “clusters,” such as industrial and technology parks where local firms can provide inputs or complementary services to large firms. These clusters place demands on the state in terms of urban planning, infrastructure, and subsidies. The most prominent initiative undertaken by the

⁸⁸ This section makes central reference to the three largest business organizations in Jalisco, the Guadalajara Chamber of Commerce, CAREINTRA, the industrial chamber for the state of Jalisco, and the state headquarters of COPARMEX. In addition to the Guadalajara Chamber of Commerce, there are two other Chambers of Commerce, based in Puerto Vallarta and Tlaquepaque as well as an affiliate of the National Chamber of Small Commerce (Cámara Nacional de Comercio en Pequeño, CANACOPE) in Puerto Vallarta. These chambers tend to engage primarily with municipal governments and have little interaction in state-level business policy (Interviews Carlo Iván Gómez Pérez, General Director of CANACOPE-Puerto Vallarta, November 18, 2011; Sheila Hernández, CANACO-Puerto Vallarta, November 18, 2011; Rafael Lara López, General Director of CANACO-Tlaquepaque, November 16, 2011).

⁸⁹ Jorge Urdapilleta, director of the State Economic Support Council (Consejo Estatal de Promoción Económica, CEPE), a state government agency that manages small-business support programs explained that the González administration had placed a high priority on attracting foreign investment and creating high-paying jobs, particularly by allocating state business subsidies to incentivize medium- and large-sized businesses through tax breaks and space in government-owned industrial parks rather than allocating these funds directly to small-business development (Interview, Jorge Urdapilleta Núñez, October 28, 2011).

⁹⁰ The Ley para el Fomento Económico del Estado de Jalisco was proposed by the Cárdenas administration in 1997, but not finally ratified until 2001 under the governorship of Francisco Ramírez Acuña.

⁹¹ Mellado, Pedro. “Memoria Viva: Carlos García de Alba,” *Mural*. November 17, 2013.

González Márquez administration to increase opportunities for local firms to capitalize on high-tech external investment is the Ciudad Creativa Digital (Creative Digital City), a project promoted by the state government and co-financed with municipal, state, and federal funds. This multi-year urban redevelopment initiative features significant investments in infrastructure and the building or renovation of several buildings in the *centro histórico* of Guadalajara. The government claimed that by 2023 this project would create space for 550 firms working in the “creative high-tech sectors, such as film, television, video games, digital animation, interactive media, mobile apps, internet, and other creative industries.”⁹² Representatives of the Council of Industrial Chambers of Jalisco (Consejo de Cámaras Industriales del Estado de Jalisco, CCIJ) and National Chamber of the Electronic Telecommunications Industry and Information Technologies (Cámara Nacional de la Industria Electrónica de Telecomunicaciones y Tecnologías de la Información, CANIETI) participated in the advisory board. And CANACO and other chambers have consistently supported the project in the media and in public events.⁹³

In the area of commercial firms, the largest initiative undertaken by González was the organization of the Pan-American Games in Jalisco in 2011. This event—similar to the Olympic Games, but featuring only athletes from the Western Hemisphere—was a significant boost to the tourism industry of the state. Preparing for the games required investments in roads, hotels, and improving the tourism infrastructure in Guadalajara. The state government delegated several responsibilities to CANACO-Guadalajara and COPARMEX and allocated millions of pesos to these organizations to train small commercial firms in customer service (approximately 700 for CANACO, 250 for COPARMEX, with capital subsidies of up to 5,000 pesos per beneficiary firm), promote tourism for the games, and to establish a branding campaign for local commercial firms to bear symbols of the Pan-American Games on their establishments.⁹⁴

In addition to these big-ticket projects, prominent business organizations in Jalisco play a central role in economic policymaking in the state on a routinized basis.⁹⁵ CANACO-Guadalajara has been centrally involved in pressing the state and municipal governments to toughen enforcement of policies prohibiting informal-sector business activity and the sale of pirated merchandise. A political analyst at CANACO-Guadalajara connected the issue of the

⁹² <http://ccdguadalajara.com/>. “La ciudad creativa digital busca posicionar a México como un referente en la producción creativa al nivel global. Un centro de negocios de esta industria y como el cluster más significativo de habla hispana.” (video on website). “Un espacio para albergar el sector productivo, impulsando el crecimiento de empresas locales y dando espacio para las compañías globales.”

⁹³ Although this project was initiated under the gubernatorial administration of González, his PRIista successor Aristóteles Sandoval has continued it, although chambers have become more critical under the current administration, criticizing the Sandoval administration for being behind schedule, cutting the budget, and for keeping the public (and the business sector in particular) in the dark about the status of the project (“Difieren por apoyos a Cumbre de Negocios,” *Mural*, June 27, 2013; “Cámaras critican opacidad en CCD,” *Mural*, September 4, 2014).

⁹⁴ “Crean operador de Panamericanos,” *Mural*, June 17, 2010; “Capacitarán a comercios para JP,” *Mural*, September 23, 2010; “Se Suman Comerciantes a Panamericanos,” *Mural*, October 3, 2011. Interviews Juan José González, Gerente de Negocios, COPARMEX-Jalisco, October 26, 2011; Erick Herrera, Consultant, Centro México Emprende, CANACO-Guadalajara, October 31, 2011.

⁹⁵ Several people that I interviewed, both at CANACO and state ministries, described CANACO with terms like “resembling part of the government.” This perception comes not only from the frequent and intense collaboration on economic initiatives, but also from concessions that the state and municipal governments have given to the CANACO to operate lucrative and prominent services such as a tourist train to tequila distilleries, a Christmas fair, and the annual Mariachi Festival.

informal sector to broader issues of governance and rule of law in the Guadalajara metropolitan area:

“In the chamber...we have on our agenda the reconversion of the informal sector. That is, a frontal attack on informal commerce and then to reconvert them (to formal businesses), because (the goal) is not just to combat them and that’s it. This requires initiatives to improve efficiency in public administration: that (politicians) don’t spend too much, that there’s no corruption, proper functioning of the justice system.”⁹⁶

Under the González Márquez administration, CANACO-Guadalajara made numerous public statements and held at least five meetings with members of the state government, some in cooperation with other member organizations of the CCIJ, to explore possibilities for improving enforcement. This collaboration resulted in the creation of the Subprocuraduría de Apoyo a la Investigación de Delitos Federales, a special state prosecutor to help investigate federal crimes—most centrally tax evasion and piracy related to the informal sector; and the Consejo Metropolitano de Prácticas de Comercio, a task force made up of federal, state, and municipal politicians, as well as representatives of CANACO and street vendors associations to encourage legal activities in street vending.⁹⁷

The most direct line of influence for business chambers has been the nomination of business leaders to executive and bureaucratic office. Once the PAN proved to be electorally competitive, the tendency in Jalisco, as in other states was to integrate local entrepreneurs into the party as candidates or to name them to cabinet posts.⁹⁸ As mentioned above, all three PAN governors named business-organization leaders as heads of state ministries. González Márquez named four members of CANACO-Guadalajara and COPARMEX-Jalisco to ministry posts, including Guillermo Martínez Mora, former president of COPARMEX, who was named the head of the Economic Promotion Ministry.⁹⁹ Having prominent businessmen, and particularly former business-organization leaders in office both facilitates the organization’s ability to lobby the state

⁹⁶ *“En la cámara, por ejemplo, en la agenda tenemos lo de reconversión del comercio informal. Es decir, combate frontal al comercio informal y aparte después reconvertirlos, porque no solo es combatirlos y ya. Esto requiere iniciativas--el manejo de la gestión pública eficiente: que no gasten de más, que no haya corrupción, manejo correcto de la justicia”* (Interview Antonio Guzmán, Political Analyst, CANACO-Guadalajara, June 12, 2012).

⁹⁷ “Refuerzan Lucha contra Piratería,” *Mural*, February 25, 2010; “Integran Bloque contra Informalidad,” *Mural*, March 1, 2012. The special prosecutor’s office has been a point of acrimony in state politics. Soon after its creation, the CCIJ alleged that it was not pursuing many cases, and González placed the blame on the congress (then with a PRI majority) for not approving budgets and staff (“Pasan bolita al Congreso,” *Mural*, July 30, 2008). Perhaps because the PRI has a relationship with many street vendors, the Sandóval administration has been more reticent to come to the table to discuss the issue with the CANACO or CCIJ, although it has named a new special prosecutor (“Reciclan plan contra piratas,” *Mural*, March 21, 2014).

⁹⁸ CONCANACO congressman—Raul Alejandro Padilla Orozco—PAN:

<http://sitl.diputados.gob.mx/curricula.php?dipt=301>, Horacio Íñigo Hernández García—Careintra Lagos, Alcalde: <http://www.am.com.mx/lagosdemoreno/local/aspira-a-la-alcaldia-titular-de-careintra-172390.html>

⁹⁹ During his period as president of COPARMEX, Martínez Mora had been quite critical of Alberto Cárdenas’ administration and in 2000 unsuccessfully sought the PRI’s nomination for a senatorial race. Since 2001, however, Martínez Mora has been nominated to several posts through the PAN, including Secretary of Administration and Education under Ramírez Acuña and Secretary of SEPROE under González Márquez. He left this post to run (unsuccessfully) for mayor of Zapopan in 2008, and he is currently a member of the state legislature and lost a bid for municipal president of Zapopan in 2015. See: <<http://marcatextos.com/sin-categoria/guillermo-martinez-mora-del-pri-al-pan/>>

government and the ability of PAN candidates to appeal to the chamber electorally. A representative of CANACO-Guadalajara explained how members of PAN administrations use these ties in their campaigns for other posts:

“The candidates try to capitalize on (having a former CANACO president in the administration). They say ‘here as part of the government there is one of your representatives, ex-president so-and-so.’ This sends signals, it sends the signal of closeness, that ‘of course I’ll attend to your sector, so much so that I have (one of your people) there.’”¹⁰⁰

While PAN administrations were wary about establishing patronage channels or overt corporatist alliances, the administrations’ posture towards business organizations was to establish formal institutions for consultation. According to an analysis by a Jalisco newspaper in 2001, business leaders were present on 13 of the 17 consultative councils in Ramírez Acuña’s administration that allowed citizen participation, compared with only four councils that in which university representatives participated.¹⁰¹ Four councils, including the Acquisitions Council of the Ministry of Administration, which included several members from COPARMEX and CANACO, were made up entirely of business leaders. Expanding to include municipal councils and specialized committees, COPARMEX in Jalisco lists on its website 135 councils, committees, and boards that it belongs to at the state and municipal level and CANACO lists 55 such councils (placing a particular emphasis on government contracting committees).¹⁰² While these councils lack veto power or formally vested authority over budgets, legislation, or executive action, they provide these organizations with important resources: regular access to high-level politicians and bureaucrats, important information about government programs and policies to share with their members, and a mouthpiece from which to make public statements regarding policy proposals.¹⁰³

In addition to these ministry-specific councils, which proliferate (at least on the books) across Mexico, Jalisco was the first state in Mexico to establish a Social and Economic Council, patterned after European consultative bodies, the Economic and Social Council of the State of Jalisco for Development and Competitiveness (Consejo Económico y Social del Estado de Jalisco para el Desarrollo y la Competitividad, CESJAL). This council, founded in Jalisco in 2004 brings together representatives of several societal organizations, including economic sectors (business, agriculture, labor), nonprofits and universities. CESJAL makes non-binding recommendations to the state government regarding legislation, policies related to economic development, conducting research on the Jalisco economy, recommending strategic projects, and

¹⁰⁰Interview Antonio Guzmán, Political Analyst, CANACO-Guadalajara, June 12, 2012. *“Los candidatos solamente tratan de capitalizarlo. Dicen, ‘aquí como parte del gobierno está un representante suyo, el expresidente fulano de tal.’ Eso manda señales, manda una señal de cercanía, de ‘claro que atiendo a su sector y tan lo atiendo que tengo a alguien aquí.’”*

¹⁰¹“Privilegian a empresarios en consejos ciudadanos,” *Mural*, August 6, 2001. According to the government at the time, 50 state dependencies had established the framework for citizen councils, but many were inactive. Further, of the 24 active councils, seven were limited to the participation of state figures rather than citizens. Of particular note, a former president of CANACO, Alejandro Elizondo was the head of the Electoral Council.

¹⁰²<http://www.coparmexjal.org.mx/index.php/extensions/135-representacion-ante-consejos-consultivos-consejos-directivos-y-comites-tecnicos>; <<http://www.camaradecomerciojdl.mx/es/respaldo-comite-adquisiciones.html>>

¹⁰³Interviews, Jorge Barrón, Ana Solís (CANACO); Luis del Valle, Juan José González (COPARMEX)

reaching consensus between business, labor, and other stakeholders on industrial policy.¹⁰⁴ While the participation of major business organizations in CESJAL can be seen as formalizing core organizations' input in state development policy, several sectoral organizations of the PRI—the CNC, Confederation of Mexican Workers (Confederación de Trabajadores Mexicanos, CTM), Revolutionary Confederation of Workers and Peasants (Confederación Revolucionaria de Obreros y Campesinos, CROC), Regional Ranchers Union of Jalisco (Unión Ganadera Regional del Jalisco), and State Federation of Small Landholders (Federación Estatal de Propietarios Rurales)—also participate.

Another example of formalized consultation is the participation of these core business organizations in the drafting of the State Development Plan (Plan Estatal de Desarrollo) under the González Márquez administration.¹⁰⁵ Interviewed leaders of COPARMEX and CANACO-Guadalajara said that they participated officially in the process of drafting the document in 2007.¹⁰⁶ (Many of the planning meetings took place in the headquarters of CANACO-Guadalajara.) The presidents of CESJAL and the CAJ were members of official planning committee. The document itself specified several specific roles for business organizations in state business-promotion efforts including working with the state government to build a network of business incubators.¹⁰⁷

The combination of these formal institutions and the closeness of social and professional circles between the PAN and business organizations in Jalisco makes it such that communication between business organization leaders and PAN government figures is constant and effortless. Many people interviewed from these organizations attested to the ease of contact. At the level of operations, staff at the México Emprende offices in COPARMEX and CANACO reported practically daily communication with their counterparts in SEPROE and the Jalisco delegation of the federal Ministry of the Economy.¹⁰⁸ When asked for a recommendation of a contact at these offices, the interviewed staff member at CANACO-Guadalajara listed off names and telephone numbers from memory.

At the elite level, presidents and vice presidents of the chambers and COPARMEX engage in regular communication, both formal and informal, with the governor and cabinet ministers. A CANACO staffer who had previously worked at COPARMEX explains the utility of this informal contact that generates from the friendly ties between business leaders and politicians:

¹⁰⁴ Ley del Consejo Económico y Social del Estado de Jalisco para el Desarrollo y la Competitividad, 2004. See: http://www.cesjal.org/pics/transparencia_archivos/ley-del-cesjal2-lfem.pdf

¹⁰⁵ Upon entering office in 2013, the Sandóval administration drafted a new State Development Plan. Leaders of business organizations in the state reported less participation in this process than in 2010, and a general disinclination on the part of Sandóval's administration to engage organized business in planning and spending. Duran, Luis, Jorge Velazco and Mariana Alvarado. "Ven paralizado al gobierno de Jalisco," *Mural*. June 10, 2013. "Va Fojal de reversa," *Mural*. November 29, 2013.

¹⁰⁶ Interviews, Luis del Valle, COPARMEX, June 14, 2013; Ana Isabel Solís, Manager of Strategic Analysis, CANACO-Guadalajara, October 31, 2011. Ortiz, Elizabeth. "Revisará COPARMEX avances del PED," *Mural*, December 4, 2007.

¹⁰⁷ "En el sector empresarial, las cámaras y asociaciones tienen un papel trascendente en este proceso, ya que pueden consolidar la cadena productiva de cada sector" (106).

¹⁰⁸ Interviews Juan José González Nuño, Gerente de Negocios, COPARMEX-Jalisco, October 26, 2011; Erick Herrera Ramírez, Centro México Emprende Consultant, CANACO-Guadalajara, October 31, 2011.

*“When we want to invite a politician or minister to an event, we go through the whole protocol—sending letters, making phone calls. If we’re unsuccessful, we ask the president of CANACO to call him. He calls him on his cell phone and he always blames his secretary—I never got the message. I always attend these events.”*¹⁰⁹

Contact between these organizations and state government officials escalates significantly during electoral campaigns. The chambers organize events where gubernatorial and mayoral candidates meet with candidates from the major parties. In the weeks before the 2012 election, the Business Coordinating Council of Jalisco (Consejo Coordinador Empresarial de Jalisco, CCE-Jalisco) CCIJ invited gubernatorial candidates to public forums where they presented policy recommendations. (Notably, while the PAN’s candidate Fernando Guzmán attended both of these events, the PRI’s candidate Aristóles Sandóval was absent.) At the CCE event, this council bringing together the largest business organizations in the state presented to candidates for governor, municipal presidents, and legislature their Sole Agenda for the Private Sector (Agenda Única del Sector Privado), including eight main programmatic goals: macroeconomic stability, crusade for competitiveness, economic growth and employment, structural reforms, education, social security, public security, and rule of law and democracy.¹¹⁰ CANACO and CAREINTRA also held meetings with the candidates individually, typically in closed meetings where the candidates spoke with the chambers’ executive councils.

Under González Márquez, the state government has not allocated a high share of distributive programs for small businesses to these organizations, instead preferring to use these funds for visible job creating projects and to reach out to other societal actors, such as universities and NGO’s. Data from Fondo PyME, a federal small-business subsidy program that grants discretion to state governments to determine which projects to fund, is illustrative. From 2004 to 2011, small-business organizations mediated only three out of 157 projects, totaling less than five million pesos (about 400,000 US dollars)—less than one percent of total Fondo PyME spending in the state, compared with Guanajuato, a state where the PAN wins by large margins, and business organizations mediated 33 out of 159 projects, totaling 14 percent of state spending on that program. 329 million pesos (sixty-eight percent of all spending in Jalisco) was concentrated into five large infrastructure projects, including an industrial park, a research institute, and a small-business incubator, highly visible projects designed to reach a large number of business owners. The director of the state government agency that managed Fondo PyME projects explained that the business development model places a much higher priority on attracting foreign investments and building business clusters, and that business chambers are better suited to access small-business support programs directly through the federal government.¹¹¹

¹⁰⁹ Interview, Jorge Barrón. *“Cuando queremos convocar a un político o secretario a algún evento, hacemos todo el protocolo—mandar cartas, llamar. Si no tenemos éxito, decimos al presidente de CANACO que lo llame. Lo llama a su celular y él siempre culpa a su secretaria—no me llevo el mensaje. siempre asisto a esos eventos.”*—y viene.”

¹¹⁰ Vallejo, Marylú. “Presentan agenda del sector privado,” *Mural*. June 17, 2012; Durán, Luis. “Establecen ejes para la economía,” *Mural*. June 15, 2012.

¹¹¹ Interview, Jorge Urdapilleta Núñez.

Agriculture in Jalisco: Exclusion of Non-Core Organizations and Productive Incorporation of Entrepreneurial Rural Interests

The advent of PAN rule in Jalisco coincided with Mexico's entry into NAFTA, and given this party's championing of free-market principles, it should come as little surprise that the state government embraced export-oriented agriculture. PAN administrations in Jalisco implemented agricultural policies geared toward the export market, in line with national agricultural reforms of the 1980s and 90s, such as the withdrawal of price supports, the privatization of the *ejido*, and entry into NAFTA. The state embraced the growth of large-scale export-oriented industrial farming and agribusiness and the incursion of foreign-owned corporations to install high-value crops. The CAJ, an organization representing large-scale producers and agroindustry formed in 1993, became the privileged interlocutor for rural development policy in the state. Cárdenas named the CAJ's founding president, Francisco Mayorga Castañeda, Secretary of Rural Development. To the extent that these administrations encouraged small-scale farming, they took the approach of "converting small-scale farmers into entrepreneurs." A core strategy in this line was to subsidize inputs and training for private commercializing cooperatives, which emerged in the 1990s to compensate for the withdrawal of the state from selling inputs and buying crops.

NAFTA and the accompanying neoliberalization of agricultural markets have been good for Jalisco's bottom line. Jalisco has the largest agricultural GDP of all states, having grown from roughly 27 billion pesos to 59 billion pesos from 2003 to 2013 and increased as a percentage of state GDP from 5.7 percent to 5.9 percent during the same period.¹¹² At the same time, however, the state has experienced rapid urbanization, as the proportion of inhabitants living in municipalities of over 50,000 inhabitants has increased from 66.7 percent in 1990 to 77.3 percent in 2010. In particular, the Guadalajara metropolitan zone has boomed in size growing from 2.9 million inhabitants in 1990 to 4.2 million in 2010.¹¹³

Jalisco's approach to incorporation agricultural producers' organizations in rural development policy diverges significantly from the neighboring state of Michoacán, where the state works with traditional peasant organizations in a dedicated consultative council to gather their input and channel distributive programs. In contrast, in Jalisco, dissident agriculture organizations are the least integrated into rural development policy, in either the programmatic or distributive sphere. The CNC, the PRI's peasant sector, is also largely excluded; however, owing to this organization's raw size and level of representation—the CNC holds several seats in the state legislature—PAN governments have not excluded this organization entirely.

Government programs that are earmarked for small-scale farmers are managed in a technocratic way, excluding the participation of smallholder organizations. To wit, the committee that manages Activos Productivos, the largest application based subsidy program in the country, jointly administered by the state and federal governments, has included only representatives of government ministries at the two levels since the Cárdenas administration.¹¹⁴

¹¹² Source: INEGI, PIB y Cuentas Nacionales:

<http://www.inegi.org.mx/est/contenidos/proyectos/cn/pibe/tabulados.aspx>. If including the food processing industry, these figures increase to 56.2 billion pesos in 2003 (11.7 percent of total state GDP) and 118.0 billion pesos in 2013 (11.9 percent of total state GDP).

¹¹³ Source: INEGI Serie Histórica Censal: http://www.inegi.org.mx/est/lista_cubos/consulta.aspx?p=pob&c=6. The Guadalajara metropolitan zone is made up of the five municipalities of Guadalajara, Tlajomulco de Zúñiga, Tlaquepaque, Tonalá, and Zapopan.

¹¹⁴ Interview Rogelio López Garay, Chief of Information and Statistical Programs, Subdelegation of Planning and Rural Development, Sagarpa-Jalisco, October 31, 2011.

In most states, these committees include representatives from major producer organizations in the state (and in fact the program's rules of operation require as much). The lack of smallholder input in program priorities has consequences: the bulk of agricultural support programs under the González administration was allocated to large-scale investments in irrigation and greenhouses, which are typically outside the realm of possibility for smallholders.¹¹⁵

In contrast, the CAJ, an organization representing large-scale producers and agribusiness firms is closely involved in policymaking, acting much like a business chamber.¹¹⁶ As with CANACO-Guadalajara or COPARMEX, for example, the CAJ participates in several consultative councils, including CESJAL, has frequent direct contact with state politicians and bureaucrats, and has received millions of pesos in subsidies from the state for its programs. Notably, Francisco Mayorga, Secretary of Rural Development under Cárdenas in Jalisco and then Secretary of SAGARPA in both the Fox and Calderón administrations, was a founding member and first president of the CAJ.¹¹⁷ The CAJ hosts yearly conventions called the International Agricultural and Food Forum (Foro Internacional Agroalimentario) in a resort in Puerto Vallarta, with financial support from the state rural development ministry, whose secretary attends, often in addition to the governor.

PAN administrations' having recognized the CAJ as the leading organization ("*organización cúpula*") in the agricultural sector has opened space for considerable programmatic influence for this organization. The CAJ is the sole organization of producers that participates in the State Sustainable Rural Development Council (Consejo Estatal de Desarrollo Rural Sustentable), unlike in other states where several representatives of peasant organizations participate.¹¹⁸ This organization also enjoys direct informal access to politicians and the development ministries that is perhaps only surpassed by the CANACO-Guadalajara. Otilio Valdes, the president of the CAJ said that he has held meetings roughly once a month with high-level bureaucrats in the state rural development ministry. For example, he has advocated with the state to emphasize the use of hybrid seeds in its subsidies to improve grain yields and to increase support for irrigation infrastructure, which generally benefits large-scale growers with access to credit for such investments.

CAJ also exploits this access for distributive gain. The CAJ worked with the González administration on a project called the Ciudad Agropecuaria (Agricultural City), receiving 6.2 hectares of land from the state and funding to construct facilities for demonstrations. Valdés also explained that his organization is closely involved in helping its members access subsidies from the state and federal governments, assisting in every stage of the process: identifying needs to improve profitability, project design, the application process, and negotiation (*gestión*). In meetings with personnel at each ministry, he asks for these projects to be funded, identifying the projects by case number. CAJ also helps members in other state issues, such as helping

¹¹⁵ Subsidies from Activos Productivos provide only a percentage of the cost of an investment, typically 50 percent or less, and thus beneficiaries take loans to pay the rest of the cost. Small-scale farmers do not have access to credit for these costs, nor the liquidity to make the sizable monthly payments that they imply.

¹¹⁶ Of the 110 members at the time of the interview, CAJ personnel estimate that none would classify as small-scale farmers (owners of fewer than 20 hectares) and that several are large-scale producers, owing over 100 hectares. Roughly half of the members are not involved in primary production, but are rather agro-industry firms, financial institutions, or other firms with an interest in rural development policy.

¹¹⁷ Interview, Otilio Valdes, President, Consejo Agropecuario de Jalisco, April 22, 2015.

¹¹⁸ In the words of a CAJ staffer, "a nosotros nada más nos hablan por ser los que organizamos todo el sector, por eso nos dan una silla." Interview Laura Zulaica.

BerryMex, an export-oriented berry-growing corporation, work with the Labor Ministry to help resolve labor disputes for day laborers.

In contrast, dissident agricultural organizations such as CCC and El Barzón receive little to no attention from the state government. Interviewed leaders of these organizations explain that they are rebuffed in their attempts to schedule meetings with SEDER personnel. When asked how frequently he has contact with SEDER, Miguel Angel Rodríguez Castro, Secretary General of the CCC-Jalisco, responded:

*“Very little because they are very closed off... They work in their jobs very firmly on behalf of their (partisan) colors and since they see that we sympathize with the left, they say ‘if we give them support, we are indirectly strengthening the party of the left,’ when the truth is that we are autonomous.”*¹¹⁹

As discussed in the previous chapter, the CCC-Jalisco is centrally patronage seeking and its political participation is limited almost exclusively to electoral mobilization on behalf of the PRD—a party with very little electoral presence in Jalisco. Thus, it comes as little surprise that it is excluded from both programmatic and distributive rural development policy in Jalisco. The largest rural organization outside of the CNC, the CCC belongs to no consultative councils and cannot get state ministry personnel to answer their phone calls. Instead, they rely on federal distributive programs, negotiated by the national leadership of the confederation.

Perhaps the second most prominent example of a dissident agricultural organization in Jalisco is El Barzón. This organization formed in 1993, by groups of medium-sized farmers marching from the southern Jalisco municipalities of Ameca, Autlán, and Ciudad Guzmán to Guadalajara to protest their untenable debt obligations. El Barzón drew the state and federal governments’ attention with a seven-week long occupation of Guadalajara’s *centro histórico*, blocking traffic with over 100 tractors as well as livestock (Carton de Grammont 2001, 81–94; Rodríguez Gómez and Torres 1994, 141–157).¹²⁰ The movement quickly took on a national scale, as groups protesting the *cartera vencida* (overdue debt) crisis in the majority of Mexican states joined under the El Barzón banner. After initially taking a sympathetic tone towards the movement, the PRI-led state and federal governments (and affiliated rural organizations such as CNC and CNPR) eventually denounced their obstructive tactics and accused them of having electoral (i.e. anti-PRI) motives. The Jalisco branch of El Barzón agreed to withdraw from the city in exchange for promises that the state government would aid them in resolving their debt obligations on equal terms as farmers in PRI-affiliated organizations. At the same time, the federal government announced a modest increase in FIRA, the rural finance program replacing Banrural, and the formation of Procampo, which offered compensatory payments to farmers in the wake of NAFTA. El Barzón endorsed Cuauhtémoc Cárdenas in the 1994 presidential election and established a formal alliance with the PRD in 1997, running several candidates for congressional and mayoral posts with this party.

¹¹⁹ Interview, June 6, 2012. “Muy poco porque están muy cerrados... Toman el puesto muy firmemente con el color (del partido) y como a nosotros nos ven con una simpatía a la izquierda, entonces dicen si les damos el apoyo indirectamente estamos potenciando al partido de la izquierda, cuando la verdad es que somos autónomos.”

¹²⁰ According to a study by the Centro Bancario de Guadalajara (cited in Rodríguez Gómez and Torres 1996, 143), when the El Barzón protest erupted, 7,047 agricultural producers in Jalisco had overdue loan payments, 69 percent of whom owed money to Banrural, the federal government’s rural finance institution.

By all accounts, PAN administrations in Jalisco have been unreceptive to El Barzón. At the time of field research, producers of agave (the input in tequila) constituted the most prominent surviving faction of rural El Barzón, with a reported membership of roughly 5,000 producers.¹²¹ Interviewed leaders of El Barzón Agavero echoed CCC leaders' plight, complaining that partisan bias and the privileging of large-scale agribusiness led PAN administrations to deny their demands for debt relief or subsidies.¹²² These representatives reported that they had applied for state subsidies several times with no success and have only had one successful case of receiving federal support for the Jalisco agave sector, owing to help from the national El Barzón leadership and affiliated PRD congresspersons. The one exception to this exclusion has been the participation of El Barzón leaders in the Consejo Regulador de Tequila, an industrial association of tequila producers centrally concerned with protecting the denomination of origin for tequila from Jalisco and pushing the government to enforce quality standards.¹²³ Within this body, El Barzón leaders report that their main goal is to encourage large tequila manufacturers to purchase agave grown locally by small-scale producers. However, they report that this body has not offered an effective space to advocate for broader demands for rural development, concerning most centrally the expansion of credit for small- and medium-sized farmers.

The Agricultural Commercializing Organization of the West (Comercializadora Agropecuaria de Occidente, COMAGRO), the ANEC affiliate in Jalisco, was better prepared to engage in programmatic politics than other dissident agricultural organizations, and offered PAN governments a potential organizational ally in the countryside. When it was founded, COMAGRO was a prime example of a programmatically oriented organization promoting the sustainability of the small-scale grain farmer in the context of free trade. Founded in 1992 by 23 organizations, 11 of which were *comisariados ejidales* that had defected from the CNC, COMAGRO grew to involve over 60,000 corn farmers in the states of Jalisco, Michoacán, and Nayarit, growing corn and beans on plots averaging four hectares.¹²⁴ COMAGRO emerged in response to the privatization of Fertimex, the federal government's fertilizer distributor, and was among the first non-governmental actors in Mexico to commercialize fertilizer imported from the United States (de la Fuente Hernández and Morales Valderrama 1996, 294–298; Rodríguez Gómez and Torres 1994). While COMAGRO assumed a nonpartisan political stance, it was at odds with Jalisco's PRI-led government from its founding, as then-governor Guillermo Cosío Vidaurri favored a group of investors, including his son, to receive the monopoly on fertilizer storage over COMAGRO and other social groups (Guerrero Anaya 1999, 136–137).

COMAGRO was an early adherent to the strategy that ANEC affiliates implemented on a national scale, centering on three pillars to bolster the sustainability of smallholder grain production in neoliberal Mexico: (1) the operation of a cooperative, wherein farmers could join together to purchase capital and inputs and commercialize grains at better prices; (2) offering

¹²¹ In the months following the formation of El Barzón, the organization grew to include groups of urban middle-class citizens protesting financial obligations. This faction, under the leadership of Alfonso Ramírez Cuéllar came to dominate El Barzón and particularly its ties to the PRD (Carton de Grammont 2001, 197–202).

¹²² Interviews, René Beas Jiménez, former president of El Barzón Agavero, November 9, 2011; Francisco Javier Guzmán de la Torre.

¹²³ For more on the Consejo Regulador de Tequila, see Gómez Gómez (2010).

¹²⁴ Interview, Antonio Hernández Alarcon, President of Unión de Ejidos de Producción Agropecuaria de la ex-Laguna de Magdalena General Lázaro Cárdenas, November 15, 2011.

affordable finance to members through the organization's line of credit; and (3) improvement of crop technologies and the introduction of higher-value products through training and technical support provided by the organization and subsidized by government programs.

For the majority of its lifespan, COMAGRO, and its successor SiCampo, operated in Jalisco under PAN governors and were incorporated at medium levels in both programmatic and distributive policies. According to Antonio Hernández Alarcon, founder and director of COMAGRO from 1992-2011, these administrations were ambivalent toward COMAGRO. On the one hand, they applauded the organization's entrepreneurial model and were quite willing to support its activities with subsidies to improve technology and training programs to improve yields. On the other hand, Hernández perceived that the PAN governments—both at the state and federal levels—were unconcerned about the plight of the small-scale farmer, and had essentially thrown them to the wolves in the context of the signing of NAFTA. While it was non-partisan, the leftist bent of the COMAGRO, its participation in anti-neoliberal contentious movements associated with the PRD, and the fact that its goals conflicted with core PAN actors (large-scale producers such as the CAJ) foreclosed the possibility of COMAGRO playing an active role in the design of state rural development policy, and the Jalisco Rural Development Ministry has not sought to establish a consultative body for small-scale producers to consult in the government process, as in the case of Michoacán.

Perhaps because the peasant cooperative model had proven to be difficult to sustain in a state that does not prioritize the peasant sector, COMAGRO eventually transformed into an organization that principally represented large-scale entrepreneurial grain traders, a core actor for the PAN. Falling grain prices, the demise of smallholder subsidies and the aging of the organization's members led COMAGRO to wither. In 2001, the failure of member organizations to repay loans that had been secured by COMAGRO led to bankruptcy. Several of the member organizations renewed efforts by forming SiCampo (Sociedad Integradora para el Campo), but the "social" organizations (former ejidos) were outnumbered six to four by large grain intermediaries—many of whom owned large plots of land themselves or who instead buy corn produced by small-scale producers and resell it at a higher value.¹²⁵

Today, SiCampo has tilted away from interests of the small-scale farmer. The peasant wing has left, with its leaders disappointed with SiCampo's lack of a commitment to rural development and claiming that they can do just as well selling their product to informal intermediaries than through the organization.¹²⁶ And the members that remain are all Rural Production Societies (Sociedades de Producción Rural, SPR), for-profit intermediaries. SiCampo has also exceeded COMAGRO's success in the distributive realm. SiCampo belongs to the Executive Committee of the Trust in Support of the Agricultural Profitability of the Corn Producers of Jalisco (Fideicomiso de Apoyo a la Rentabilidad Agrícola de los Productores de Maíz del Estado de Jalisco, FARAJAL), and SiCampo's head was president of this committee during the last two state administrations.¹²⁷ The main responsibility of this body is to disburse

¹²⁵ This model reserves a great deal of the surplus value for the entrepreneur, rather than the farmer and, according to Hernández, goes against the principles of ANEC.

¹²⁶ Interview Antonio Hernández Alarcon.

¹²⁷ CAJ is also a permanent member of FARAJAL, which has fallen in line with the PAN administrations' approach to the countryside, declaring as their primary accomplishment on their website "Changing the mentality of the producer to BUSINESSPERSON" ("El cambio de mentalidad en el productor de Agricultor a EMPRESARIO" Source: <http://www.farajal.com/quienes-somos/logro-integral>).

subsidies for small-scale corn producers, however CNC and other organizations have protested that benefits were being concentrated in the hands of SiCampo and other intermediaries.¹²⁸ In addition to this state trust, SiCampo acquires subsidies from a variety of state and federal programs, supporting investments in organizational infrastructure for storage and transportation, training to increase yields, production technology (tractors), and crop insurance.¹²⁹ Hernández now complains that by supporting SiCampo, the state government can give the perception that it's supporting small-scale farmers, without having to really respond to their interests.

In SiCampo, PAN administrations have found a rural organization that conforms to their preferences for societal participation—business minded, formally non-partisan, and non-contentious. However, it does not appear that SiCampo has much say in the programmatic realm, perhaps because its numerical size and economic weight pale in comparison to the CAJ. Content with the rural development model promoted by PAN administrations, and particularly with the share of subsidies that they receive, SiCampo maintains a low profile in state politics.¹³⁰ Interviewed just before Aristóteles Sandoval of the PRI took office as governor, Lisardi expressed concern that the favorable access to state programs would end, given that the new administration was naming CNC leaders to the top posts in the rural development ministry, figures who place a priority on PRI-affiliated *ejido* unions for the distribution of benefits.

Finally, the CNC offers a case of an organization whose participation in public policy offers little benefit to the ruling PAN—either programmatically or electorally, yet which is able to leverage a middling amount of access to policymaking channels owing to its privileged position in the PRI and its massive size, numbering approximately 300,000 in the state of Jalisco.¹³¹ Throughout the period of PAN rule, the CNC—as the peasant sector of the PRI—had dozens of its members elected as mayors and local congresspersons. Given the CNC's deep integration into the PRI, it is unlikely that PAN governments could have wooed base-level CNC affiliates to the party.¹³² Rather, the approach initiated by Cárdenas and continued by Ramírez Acuña and González was to isolate the CNC, to the extent possible shutting it out of contact with state ministries and input in the design of rural development policy. Gabriel Ponce, Secretary

¹²⁸ “Denuncian anomalías en Farajal,” *Mural*, January 25, 2007.

¹²⁹ Interview, José Antonio Lisardi, President of Agrícola Ganadera los Sauces (member organization of SiCampo), July 1, 2013.

¹³⁰ Interview with José Antonio Lisardi, President of Agrícola Ganadera los Sauces (member organization of SiCampo), June 27, 2013. “Teníamos 12 años de trabajo con el PAN, en esos 12 años de trabajo con el PAN qué fue lo que se hizo, fue fortalecer a las organizaciones, a la SPR, entonces hubo muchos programas para apoyo para infraestructura, la mayoría de los que estamos aquí recibimos apoyo para infraestructura, entonces, cuál era la principal función de eso, fortalecer a la organización para que cuando saliera la cosecha del productor cada organización tuviera suficiente espacio o almacén para recibir su producto. Eso gracias a Dios nos fortaleció a todos, gracias a eso crecimos todos y pues yo le vi mucha, una gran ventaja a todos los apoyos que hubo.”

¹³¹ This number is the estimate of former president of CNC-Jalisco, Ricardo Chávez Pérez, cited in Román, Flores, and Govea (2004, 193). Reported membership numbers for the CNC are notoriously inflated. Authorities typically cite the total number of *ejidatarios* registered in the state, although many of these people no longer work on the *ejido*, have migrated, or have died. The interviewed president of the CNC estimated that less than 20 percent of members are active in CNC—at least having attended a meeting of their *ejido* in the last year.

¹³² It is important to note that the CNC in Jalisco, as elsewhere, resembles a rural party organization more than an organization of producers. Notably, the state Secretary General of the CNC interviewed in 2011 claimed that he was the first producer to occupy this post since 1971, having ascended the CNC leadership through *ejido* leadership bodies. He described other leaders over the previous 40 years as “políticos” or “técnicos” (Interview Gabriel Ponce Miranda, November 8, 2011).

General of the CNC (2009-2013) and member of the Jalisco congress complained that the executive branch and PAN members of congress have been unreceptive to his proposed legislation which sought to establish an inter-ministry task force to make long-term plans for rural competitiveness. In the distributive realm, CNC representatives interviewed reported that the period of PAN rule in Jalisco had drastically reduced their share of subsidies. Ponce explained that many CNC members have found it impossible to navigate the bureaucratic channels to apply for state programs and that his attempts at *gestión* fall on deaf ears in the state government. Where he has been successful at receiving subsidies has been in federal programs, the support of the national CNC leadership has been decisive. The one arena where the CNC has been able to access is CESJAL likely due to pressure from its leaders in congress when this consultative body was being formed.

While the fall of the PRI from power in Jalisco certainly led to a withering of the CNC's membership, there is little sign that defectors from the CNC realigned with the PAN in large numbers. The most prominent dissident agricultural organizations in the state—El Barzón, CCC, and COMAGRO—were formed by CNC and CNPR exiles, but one of the grievances of these organizations against the PRI was its top-down control of interest organizations, and they jealously guarded their electoral autonomy. When these organizations did eventually form partisan alliances, these were nationally brokered deals with the PRD, whose repudiation of NAFTA and promises of credit and subsidies for the traditional peasantry aligned with these organizations' programmatic. Both at the federal and state levels, the PAN has made attempts to construct rural party organizations. In 2004, the federal party organization, with the collaboration of former Jalisco governor and then Secretary of the Environment Alberto Cárdenas, founded the Consejo Nacional del Programa de Acción Rural (known as PLANTAR), however nobody in Jalisco would attest that this organization was still active at the time of research in 2011 and 2012.¹³³ PAN-Jalisco's Secretary of Rural Affairs, interviewed in 2011, described another rural PAN organization that he and others had formed that year, known as AGROVIVE.¹³⁴ However, this project was too little too late—the organization collapsed with the PAN's demise in the 2012 election and I can find no mentions of AGROVIVE in newspapers from the previous several years.

In the end, where the PAN administrations can be described as having been successful is in the implementation of a new rural development model, based on support for large-scale production, agri-business, and foreign investment. Ideologically opposed both to the concept of forming corporatist ties with rural organizations and to the substance of most smallholder organizations' programmatic demands, the PAN in Jalisco made little effort and had little success at incorporating these non-core actors into the party. Rather, the policies (and policymaking practices) of PAN governors served to increase both the size and the representative capacity of organizations representing entrepreneurial agricultural interests that can be described as core for this party.

¹³³ García, Claudia. "Busca PAN ganar voto 'verde'," *Mural*, August 23, 2004, Granados Chapa, Miguel Ángel. "Plaza Pública: Neocorporativismo," *Mural*, June 22, 2004.

¹³⁴ Interview, José Francisco Flores Martínez, Secretario de Asuntos Rurales, PAN-Jalisco, November 11, 2011.

IV. Michoacán: A PRD Government Under Threat

PRD administrations in Michoacán pursued a strategy of incorporating core dissident agricultural organizations in programmatic politics while reaching out to the non-core small-business sector with distributive programs. In a gambit to create long-term ties to the numerous dissident agricultural organizations, the state government created a consultative council for peasant organizations, designed both to foster these organizations' programmatic engagement and to funnel subsidies to them. Because many of the organizations were essentially concerned with extracting state handouts, this council ended up being more successful in the distributive than the programmatic realm, stymieing these administrations' efforts to reach out to non-core groups with these benefits. As a result, core dissident organizations were incorporated at a high level in both programmatic and distributive policies while the non-core CNC was incorporated at a medium level in programmatic policies (through its participation in the council) and excluded from distributive benefits. As with the PAN and the agricultural sector in Jalisco, the PRD encountered resistance in constructing electoral linkages with small-business organizations, which had opposed the PRD's rise to power in the 1990s. Thus, instead of offering high levels of distributive benefits to business chambers, these administrations constructed distributive programs that circumvented pre-existing small business organizations. As a result, the business organizations are only incorporated into state programmatic policies at a medium level, and excluded from distributive policymaking.

Michoacán is perhaps the state most closely associated with the PRD, given that it gave birth to the Cardenista land reform. Lázaro Cárdenas, the Mexican president who distributed more land than all others following the promise of land reform in the 1917 Constitution was a Michoacán native, and initiated land reform on a small scale during his term as governor of this state (1928-1932). Lázaro Cárdenas' son, Cuauhtémoc Cárdenas, was the founder of the PRD in 1989. (Cárdenas had been governor 1980-1986 as a member of the leftist wing of the PRI, prior to his defection from the party.) The PRD claimed the governorship of Michoacán in 2001, with the victory of Lázaro Cárdenas Batel, Cuauhtémoc's son and Lázaro's grandson.¹³⁵ After Cárdenas Batel's term, the PRD retained the governorship with victory of Leonel Godoy in 2007.

Both economically and demographically, Michoacán is quite diverse and decentralized. In contrast to Jalisco, where in 2005, 69.5 percent of economic activity and 58.5 percent of the population was centered in the five municipalities of the Guadalajara metropolitan region, Michoacán has seven cities with greater than 100,000 residents, but none greater than one million.¹³⁶ Not an important center of manufacturing, the business community in the state is spread among the sectors of agribusiness, small industry, tourism, and services related to the port city of Lázaro Cárdenas, Mexico's largest seaport. In the agricultural realm, while basic grains are still the most prevalent pursuit of small-scale farmers, both small and large-scale producers generate greater profitability in pockets of the state dedicated to the production of avocados, limes, berries, tomatoes, and other fruits and vegetables.

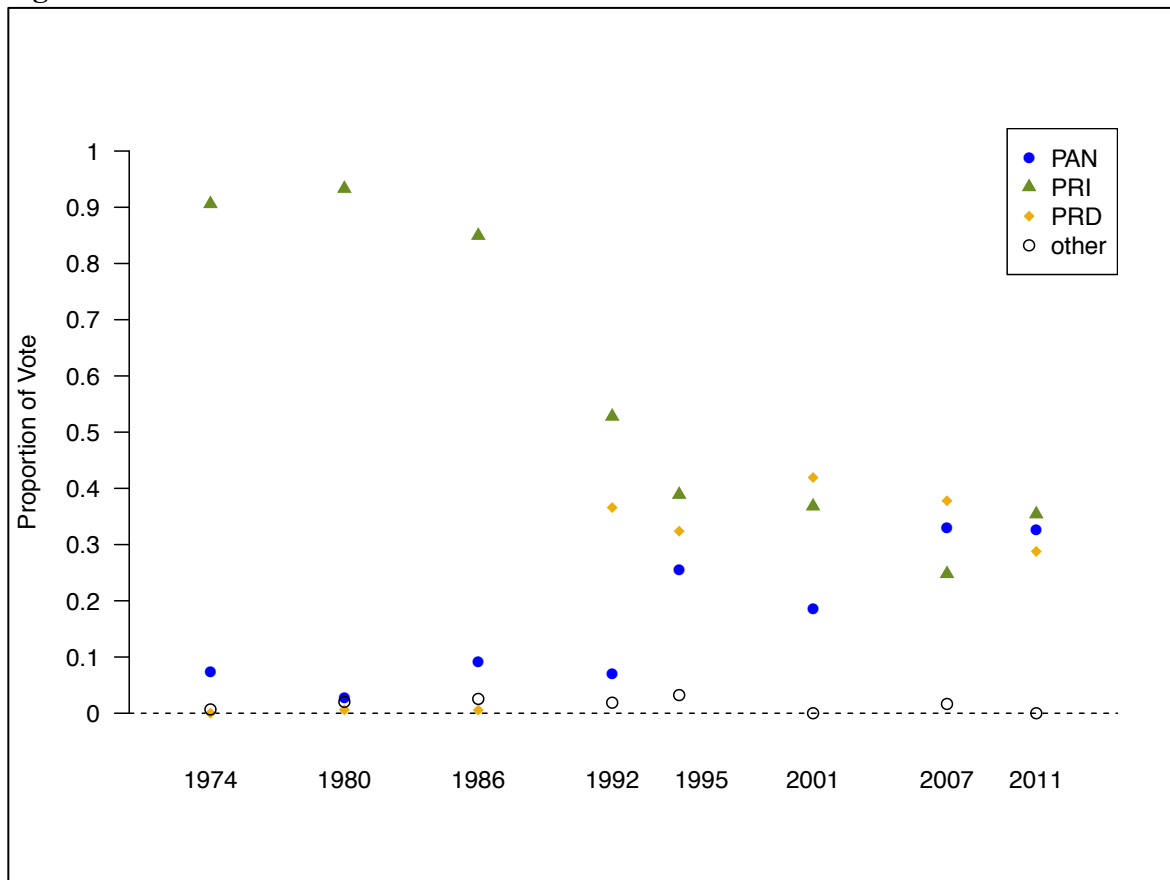
An additional factor that has infiltrated the political landscape in Michoacán is the proliferation of organized crime in this state. La Familia Michoacán, and its offshoot Caballeros

¹³⁵ Cárdenas Batel, only 38 at the time, had previously served in the federal Chamber of Deputies and the Senate for his home state. His victory came after Cristobal Ariás, a close collaborator of Cuauhtémoc Cárdenas had unsuccessfully run for the governorship twice (Chávez Gutiérrez 2011).

¹³⁶ Source: Secretaría de Gobernación, INAFED, <http://www.inafed.gob.mx/es/inafed/Municipales>.

Templarios have grown in visibility, and by all accounts in activity, during the first decade of the 21st century. The electoral repercussions of this security crisis have been inconsistent, not necessarily favoring one party above others. As in Jalisco, growing discontent with insecurity in the state has been cited as an explanation for voters' rejection of the PRI in the 2001 election. In 2009, the Calderón administration arrested 38 politicians mainly from the PRI and the PRD (including 11 sitting municipal presidents) in what became known as the *michoacanazo*, and criticized by many as an electoral stunt to improve the electoral prospects of the PAN in the months leading up to the midterm election.¹³⁷ Organized crime continued to dominate the news from Michoacán after the return of the PRI in 2012, eventually leading Peña Nieto to depose Governor Fausto Vallejo.

Figure 5: Michoacán Governor Races



Source: CIDAC electoral database (<http://www.cidac.org/esp/Datos/Electorales.php>).

Throughout its period in power, the PRD was under electoral threat from the PRI. Margins of victory for Cárdenas Batel and his successor, Leonel Godoy were 5.1 and 4.8

¹³⁷ Source: <http://www.eluniversal.com.mx/notas/712154.html>. While the PAN had previously been the third electoral force in the state, it claimed some important municipal presidencies such as Zamora and Uruapan in the 1990s and had come in second place behind the PRD in the 2007 gubernatorial election. Calderón himself is from Michoacán and his sister, Luisa María Calderón eventually ran for governor with the PAN in 2011, coming in second place.

percentage points, respectively (Figure 5), and the PRI retained between 38 and 56 of Michoacán's 113 municipalities during the ten-year period of PRD rule (2002-2011). Thus, while PRD administrations in Michoacán are perhaps the most significant example of PRD governance—featuring the mobilization of organizations in their popular-sector base in pursuit of redistributive policies—these governments were under pressure to broaden their base in order to retain a hold on power.

When the PRD finally won the governorship in 2001, after two highly contested elections in 1990s where it came in second place to the PRI, it inherited a peculiar structure of interest organizations. The party had the sympathies, if not the official backing, of an independent peasant movement that had been revived in the wake of the 1994 Zapatista uprising (Zárata Vidal 1998). Michoacán featured a diverse array of rural organizations, some of which had predated by several years the formation of the PRD—UNORCA, CNPA—and others that had come together in the late 1980s when the formation of PRD had offered a new interlocutor, such as the CCC, UCD. Only one of these organizations, the Democratic Peasant Union (Unión Campesina Democrática, UCD), formed in 1988, was spearheaded by the party itself. At the same time, however, a prominent faction within the party infrastructure was led by former CNC leaders, loyal to Cuauhtémoc Cárdenas (governor of Michoacán with the PRI, 1980-1986) who had defected from the PRI's peasant confederation when the PRD was formed. These local caciques reproduced practices of clientelism and electoral coercion, tactics that quickly spread to dissident rural organizations that backed the PRD, such as the UCD (Gledhill 1995, 73–78; Ramírez Sevilla 1997, 106–110).¹³⁸ Thus, in the agricultural realm, the PRD was wrought by countervailing forces—a largely elite-led effort to establish a programmatic partnership with independent peasant movements to promote a pro-smallholder model of rural development and a group of party leaders and rural brokers disposed to reproduce the PRI's rural corporatism under the banner of the PRD.

The business sector presented no such dilemma. No prominent business organizations were interested in seeing the ascension of the PRD. While the Michoacán business sector had historically been reticent to engage in electoral politics, leaders of major business organizations viewed the revival of *cardenismo* in the state as a threat, and became newly active on behalf of the PRI in 1992, when for the first time the PRD posed a threat to claim the governorship (Calderón Mólgora and Sánchez Rodríguez 1997, 418–422). In this election the national PRI leadership nominated Eduardo Villaseñor Peña, a prominent businessman, over candidates from the PRI's labor and rural sectors and Villaseñor made reaching out to business organizations a central part of his campaign. Leaders of CANACINTRA, COPARMEX, CANACO-Morelia, and other business organizations, displeased with the PRD's policy proposals (strengthening of the *ejido*, protection of informal-sector workers, redistributive social policy) and tactics (alliances with social movement organizations, protests), openly declared their support for the PRI candidate. Following the election, business organizations joined in a “march for peace” to demand that Cristóbal Ariás, the aggrieved PRD candidate, cease his post-electoral protest.¹³⁹

¹³⁸ Cristóbal Ariás, the founder of UCD and two-time PRD gubernatorial candidate confirmed that within a couple of years of its founding, this organization, which had been formed with a vision of a democratic front to promote smallholder interests, quickly adopted the clientelistic and oligarchic characteristics of the CNC and dissident organizations such as UGOCM, CIOAC, and CNPA (Interview, December 15, 2011).

¹³⁹ Villaseñor's term in office only lasted two weeks. The state PRD negotiated his removal with President Salinas on the condition that they end the post-electoral dispute. He was replaced by another PRIista, Ausencio Chávez

Thus, Michoacán reflects a case of the PRI, facing a threat from the left, turning to the right and integrating business organizations. For PRD administrations that came into power post-2001, little was to be gained from making overtures to organized business, as it had essentially become the core of their main opposition in the state.

While popular-sector organizations certainly played an important role in the PRD's rise to power in the state, the state party operation struggled to establish a coherent approach to integrating them into the party. As with the party's rise to power nationally in the 1980s and 90s, the PRD's ascendancy in Michoacán featured the enthusiastic participation of organizations and social movements that were eager to displace the PRI and elect a left-wing party. However, these organizations were not organically tied to the party, as are the PRI's sectoral organizations and most in fact rejected formal partisan alignment.¹⁴⁰ Nonetheless, Cárdenas named persons with connections to dissident agricultural organizations Secretary of Rural Development, first naming Maricruz Campos Díaz, who broken from the PRI and later founded a local rural organization in the Tierra Caliente region known as Fundación Juan Villarreal. One year later, Campos was replaced with Silvano Aureoles, mayor of the city of Zitácuaro and consultant to UNORCA and RedMOCAF. Godoy continued the trend, naming Carmen Trejo to this ministry post, a consultant on productive projects for smallholder organizations, having worked with RedMOCAF.¹⁴¹ However, PRD governors' promotion of a pro-smallholder rural development model was not enough to assure the quiescence of rural organizations, which continued their practice of regular protest to negotiate for greater distributive benefits.

Facing a plethora of dissident peasant organizations, linked to different degrees to varying factions of his party and prone to disruptive protest, Godoy took steps to institutionalize the participation of rural interest organizations in agricultural policy, most prominently in the formation of the Michoacán Peasant Consultative Council (Consejo Consultivo de Organizaciones Campesinas de Michoacán, COCOCAM). This body brought together over 30 organizations in the state, mostly favoring the PRD, but also including the Michoacán affiliate of the CNC. COCOCAM's mandate was to "promote actions to analyze and construct, with the three levels of government and the congress, the budget and public policy to promote sustainable rural development with a peasant vision."¹⁴² However, perhaps the most dominant activity of the COCOCAM was the routinized negotiation between state rural development authorities and leaders of member organizations regarding their share of yearly subsidies. This process, which became known as the carousel, responded to the principle demands of the majority of organizations in the COCOCAM, which were deeply enmeshed in the patronage trap. An important exception, REDCCAM, the ANEC affiliated in Michoacán, was most centrally dedicated to improving the productive capacity of its members and served as a leader in pushing the COCOCAM to engage in broader rural development initiatives. However, Omar Lando,

Hernández, who served in an interim capacity for the remainder of the four-year term (Calderón Mólgora and Sánchez Rodríguez 1997, 434–435).

¹⁴⁰ Perhaps the PRD's most influential organizational ally was the dissident wing of the teachers union (the Michoacán affiliate of the CNTE), which had taken to disruptive protest in the preceding years to protest the accommodationist posture of the then-PRI affiliated national teaching union—the SNTE.

¹⁴¹ Source: "Carmen Trejo, <<funcionaria las 24 horas>>" *Cambio de Michoacán*.
<http://www.cambiodemichoacan.com.mx/vernota.php?id=77360>

¹⁴² COCOCAM, Fichas Informativas. "*promover acciones para analizar y construir con los tres niveles de Gobierno y el Congreso, el presupuesto y las políticas públicas que impulsen el desarrollo rural sostenible desde la visión campesina.*"

director of REDCCAM reported regular frustration with the other organizations that showed a lack of capacity and interest in engage with policies that did not offer immediate and excludable economic rewards.

Business organizations were less active in Michoacán's electoral transition. Either because they were linked to prior PRI administrations or because did not view the rise of the PRD in the state as beneficial for their economic goals. While Cárdenas Batel recognized the importance of establishing a reputation as friendly to business interests, he did not place any emphasis on building ties with business chambers. For example, for the Ministry of Economic Development, he named Eloy Vargas, a representative of Organización Ramírez, owner of the Cinépolis cinema chain and the largest corporate interest in Michoacán, rather than a representative of a prominent business organization in the state.¹⁴³ Godoy retained Vargas at the head of the State Economic Development Ministry. The only mention of a business organization representative in state government that I could identify was Rafael Paz Vega, a member of the Chamber of Commerce of Uruapan, named in 2009 as head of Sí Financia, a state small-business finance institution.

Agriculture in Michoacán: Ambivalent Programmatic Incorporation and Clientelism

Similarly to Jalisco, Michoacán is among the states that devote a substantial amount of economic activity to the agricultural sector. With the second largest agricultural GDP in Mexico, this segment of the state's economy grew from 16.9 billion pesos in 2003 to 39.0 billion pesos in 2013, increasing as a percentage of state GDP from 9.7 percent to 10.3 percent in the same period.¹⁴⁴ In contrast to Jalisco, however, the state of Michoacán actually became slight *less* urban during the neoliberal period, as the proportion of inhabitants living in municipalities over 50,000 inhabitants decreased from 18.1 percent in 1990 to 16.9 percent in 2010. During this period, Morelia, the largest municipality in the state grew from 492,901 inhabitants (only 5.0 of the state's population) to 729,279 (4.8 percent).¹⁴⁵

As opposed to Jalisco's tactic of the increasing the presence of technology in agricultural production and the bold promotion of industrialized agribusiness, PRD administrations in Michoacán—at their most coherent—were interested in supporting the sustainability of smallholder agriculture. The transition to open agricultural markets clashed with the demands of dissident organizations, many of whom were unprepared to modernize, favored the PRD, but sought handouts more than they did modernization. Rather than demanding state support for institutions to promote smallholder sustainability in neoliberal agricultural markets, these organizations' programmatic demands were unattainable (especially for a state government) and

¹⁴³ Godoy retained Vargas in this post, but Vargas resigned in 2007 to run for mayor of Morelia, and was replaced by Jesús Melgoza, also with connections to Organización Ramírez and founder of the Centro Empresarial para Exportaciones de Michoacán (CEXPORA). When Melgoza was let go in 2009, the post was granted to Isidoro Ruiz, a businessman in the oil exploration and wood manufacturing industries with no known ties to business organizations.

¹⁴⁴ Source: INEGI, PIB y Cuentas Nacionales:

<http://www.inegi.org.mx/est/contenidos/proyectos/cn/pibe/tabulados.aspx>. If including the food processing industry, these figures increase to 22.9 billion pesos in 2003 (13.1 percent of total state GDP) and 50.6 billion pesos in 2013 (14.0 percent of total state GDP).

¹⁴⁵ Source: INEGO Serie Histórica Censal: http://www.inegi.org.mx/est/lista_cubos/consulta.aspx?p=pob&c=6.

backward looking—the repeal or renegotiation of NAFTA and the return of federal price supports and state-subsidized credit that was prevalent in Mexico up until the 1980s.

In response to the countervailing goals of the Cárdenas administration—the formalization of patronage linkages with peasant organizations and the involvement of these groups in transformative rural development policy—the administration created COCOCAM. According to interviewed organization representatives in COCOCAM, the availability of this formal structure to make demands on the state reduced the need to turn to protest. As one leader explained the decline in protest activities during the Godoy administration:

*“It’s not that we’ve stopped being combative. I think that instead it’s that COCOCAM has allowed us to establish a closer working relationship with the government, where we’ve been able to reach agreements and where there hasn’t been so much of a need for protest because there has been permanent, open, frank, and transparent communication. From the moment (that COCOCAM was formed), we have worked with the government on the budget for the countryside.”*¹⁴⁶

Shared partisan goals have certainly paved the way to this harmony. Of the 32 initial members of the COCOCAM, only the CNC and the Coalition of Democratic Urban and Peasant Organizations (Coalición de Organizaciones Democráticas Urbanas y Campesinas, CODUC) were PRI-affiliated.¹⁴⁷ Other organizations were either openly supportive of the PRD or eschewed party affiliation. However, even organizations in the latter group were open to establishing a working relationship with the Cárdenas Batel and Godoy administrations and many organizations had played an active role in the 2001 and 2007 elections that brought these PRD governors into office by hosting campaign events in their villages, encouraging members to vote for the PRD, and running for local office under this party’s banner.

On paper, COCOCAM was granted a formal role in several government processes, albeit without official voting or veto powers. Council statutes established that COCOCAM would analyze yearly rural development budgets for the state and suggest modifications to congress. From its first year, the practice was established that representatives of each of COCOCAM’s committees—on finance, commercialization, etc.—would hold meetings at least yearly (and more often several times a year) with the top ministers in several ministries, including not only the Rural Development Ministry, but also the Economic Development and Social Development ministries. Through such outlets, council members generally pushed for larger rural development budgets, more funds for small-scale farmers, and the allocation of programs to the organizations themselves. Citing the precarious nature of the peasant sector, they pushed for a crop insurance

¹⁴⁶ Interview, Carlos González López, Secretary-General, CCC-Michoacán, December 14, 2011. *No es que hayamos dejado de ser más combativas. Yo más bien creo que, que el COCOCAM nos ha permitido establecer una relación de trabajo más estrecha con el gobierno donde hemos construido acuerdos y en donde no ha habido necesidad de la manifestación, porque ha habido una comunicación permanente, abierta, franca, transparente, eso, eso lo creo. Incluso desde el momento mismo (que se formó COCOCAM) junto con el gobierno hemos construido el presupuesto para el campo.*

¹⁴⁷ Interviews: Omar Lando Estaño, General Director, REDCCAM, December 9, 2011; Marco Rodríguez, Technical Secretary of COCOCAM, January 25, 2012.

program, subsidized fertilizer, and the promotion of smallholder participation in the state's Cruzada por el Maíz (Crusade for Corn) program.¹⁴⁸

Over time, COCOCAM also integrated activities that extended beyond its formal mandate. For instance, in 2010 the council contracted a line of credit that would be split among member organizations and in 2011, the COCOCAM also initiated the Observatorio Campesino (Peasant Observatorio), a first-of-its-kind project to monitor rural development spending in the state in order to track the amount spent on small-scale farmers and detect instances of fraud and electoral bias. Such endeavors were only marginally successful. The credit program proved unsustainable when many member organizations failed to repay their loans, putting the COCOCAM in debt. And the Observatorio Campesino program never really got off the ground. An initiative principally of REDCCAM (the ANEC affiliate in Michoacán), the Observatorio Campesino achieved little buy-in from other organization leaders who bristled at the long time frames and low success rate involved in requesting public information from the state government. If their concern was to maximize their access to subsidies, *gestión* and protest were more effective and realistic tactics than navigating the access-to-information process, conducting statistical analysis, and pressuring the government by publicizing spending irregularities.¹⁴⁹

Where COCOCAM did prove to be most successful was in the institutionalization of distributive program allocation to member organizations. The Godoy administration initiated a practice that became known as “the carousel,” where representatives of each of the organizations in COCOCAM would be granted yearly meetings with the minister or a sub-minister of Michoacán's Rural Development Ministry, at the beginning of the fiscal year when this ministry was developing program budgets. Organization leaders interviewed report that these meetings were straightforward negotiations for the subsidies that they receive from the state government.¹⁵⁰ The leaders generally saw this process as a positive development, compared to the norm under the preceding PRI administrations and the Cárdenas Batel administration, where the organizations often had to turn to protest to pressure the government to attend to their distributive demands. While the distributive orientation of most dissident rural organizations certainly pre-dated the arrival of the PRD to state office in Michoacán, this transition “closed the circle” on the patronage trap—enmeshing organizations into electoral linkages, granting privileged access to distributive benefits in exchange for electoral mobilization and the cessation of protest, and institutionalizing organization leaders as brokers for these benefits.

While the COCOCAM experiment can best be described as a marginal success in facilitating programmatic engagement of peasant organizations, the PRD administrations proved slightly more successful at facilitating the productive participation of the one organization that was in position to levy programmatic demands—REDCCAM. As discussed in the previous chapter, this organization made both programmatic and distributive demands for Michoacán's rural development policy and its ability to make programmatic demands was facilitated by its

¹⁴⁸ This 82 million-peso program, founded in 2009, was focused on improving production yields for corn farmers through subsidies for seeds and other inputs and training programs (Alonso Cruz, Carlos. “Contará el programa Cruzada por el Maíz en Michoacán con 82mdp,” *Cambio de Michoacán*, March 6, 2009.)

¹⁴⁹ Interview, Omar Lando Estañol.

¹⁵⁰ Despite the fact that most of these subsidy programs do not operate through organizational intermediaries, in practice small-scale farmers and the rural poor more generally are unable to access application-based government supports without the aid of a “técnico” to design their proposal and the political leverage that these organizations wield.

success in recruiting and mobilizing a relatively homogenous and committed membership through a grain commercializing operation that provided farmers with training for production techniques, access to credit, and higher and more stable prices for their crops.

Michoacán's rural development ministry was ambivalent towards REDCCAM in a way that reflected the division in the PRD. On the one hand, this organization was the most successful example of a sustainable and democratic model for smallholder production, in line with the programmatic commitments of the party's ideologues. On the other hand, REDCCAM refused to form party alliances and mobilize on behalf of the PRD, a factor that gave it less clout among electorally minded bureaucrats who were predisposed to exchange access for campaign support. REDCCAM personnel would not deny their preference for the PRD, given their opposition to PRI's corporatist mode of rural interest representation privileging the CNC and perceived abandonment of the peasantry.¹⁵¹ Thus, while REDCCAM pursued a mode of demand making that was more the norm for business organizations than peasant organizations, it came up against a rural development infrastructure that in many ways expected its interlocutors to conform to the patronage trap model of participation. This forms an interesting contrast with the experience of COMAGRO, REDCCAM's sister organization in Jalisco. While the Jalisco government's response toward COMAGRO created pressure to embrace the entrepreneurial model and abandon its social goals, the Michoacán government held up REDCCAM as a success case owing to its programmatic pro-smallholder orientation, while at the same time pushing it to conform to the patronage trap model.

Omar Lando, General Director of REDCCAM, lamented that PRD politicians have often been more interested in what REDCCAM can do electorally than its rural development goals. For instance, in the run up to the 2011 election, COCOCAM invited the three major gubernatorial candidates to an event where they presented a platform for rural development and only the PRI's candidate, Fausto Vallejo attended. The failure of the PRD's candidate, Aureoles, to appear contributed to the perception that he was taking these organizations for granted and was uninterested in including their proposals in his rural development plan. While REDCCAM was successful in garnering subsidies under PRD administrations, typically receiving roughly three million pesos from the Activos Productivos program alone, the state government has been less receptive to their recommendations for infrastructure investments or reforms to make agricultural supports more easily accessible to small-scale farmers.¹⁵²

The Central Campesina Cardenista (CCC) in Michoacán is the mirror image of REDCCAM—a primarily patronage-seeking organization that became involved to some extent in programmatic demand making through the structure of COCOCAM, but essentially gravitated to the patronage trap during the PRD's decade in the state government. To the extent that the CCC levied programmatic demands, it did so on the coattails of REDCCAM. Carlos González, the state president of CCC was one of the leaders in the consultative body, owing in large part to

¹⁵¹ Furthermore, the president of ANEC—the national confederation to which REDCCAM belonged, had been a federal deputy under the PRD and had been tabbed as the national minister of agriculture under López Obrador if he won the 2012 presidential election. See: <http://amlo.si/gabinete/victor-suarez-carrera>.

¹⁵² One of the major concerns of REDCCAM and other organizations in the COCOCAM is the design of agricultural support programs, which often make them difficult for small-scale farmers to access, particularly the onerous process of designing a project, filling out extensive paperwork, and following up with ministry personnel. Furthermore, support programs for capital investments often require beneficiaries to pay for the entire investment up front, only to be reimbursed several months later. Producers without access to credit to make this initial investment are thus often excluded.

the numerical superiority of his organization—CCC-Michoacán reported having about six thousand members, the largest among COCOCAM member organization other than the CNC. Thus, González would often be nominated to lead delegations of members in meetings with ministry personnel—and was well received by these figures.

At the same time, CCC-Michoacán is perhaps the clearest example of a patronage trap of the PRD in this study. While many patronage-oriented organizations are small, precarious, and struggle to draw members to meetings or activities, CCC-Michoacán is large, institutionalized, and capable of mobilizing in large numbers in both electoral and contentious movements. CCC has pursued an effective strategy of recruitment based on the promise of organization-mediated subsidies. It has accumulated a heterogeneous membership, made up of producers of several crops (grains, fruits, vegetables) as well as non-producers from rural and semi-urban areas. The capacity of González to mobilize his base in electoral campaigns made him a valuable ally for the Michoacán PRD.¹⁵³ He reported more frequent meetings with state ministries of the Godoy administration than any other COCOCAM member organization and experienced relative success in accessing state subsidies. Indicative of the distributive orientation of CCC-Michoacán is that González listed the organization's main demands, all four corresponded to particularistic benefits: support programs (*proyectos productivos*), housing subsidies, subsidized credit, and training programs.

As part of the 2012 alliance, González also received a nomination from the PRD for the state legislature. Both González and other COCOCAM participants, including PRI affiliates, described him as the candidate of the COCOCAM. Perhaps indicative of the low political leverage of peasant organizations who thrown their lot behind a party, González had been promised an easily winnable nomination or a spot on the PRD's proportional representation list, but was eventually posted for a seat in Morelia, facing strong opposition from the PRI and PAN. COCOCAM members protested this assignment, but eventually relented and González lost to the PRI candidate.

The Michoacán government's approach to the CNC is similar to the PAN administrations' in Jalisco—excluding the massive PRI-affiliated rural confederation while permitting it to engage in a superficial consultative body. According to Vicente Estrada, the CNC's delegate to the COCOCAM, the PRD administrations have tried to make the CNC disappear by refusing to fund its members' subsidy applications. The CNC carried out four *plantones* in 2011 alone, blocking the entrance to SEDRU to force them to receive CNC members' applications. Even with this pressure, Estrada estimated that the state government only approves roughly 25 percent of applications from CNC members, a rate much lower than PRD-affiliated organizations.

As in Jalisco, completely excluding this PRI sector would prove to be impossible. Where in Jalisco the CNC participated in CESJAL, in Michoacán it participated in COCOCAM. Through this consultative body, the CNC's activities were modest, and typically taken in collaboration with dissident organizations. Estrada went so far as to say that he viewed his organization as fighting the same fight as the council's PRD organizations and that he hoped González would win his congressional race (although the CNC would not support this PRD

¹⁵³ While the original statutes of the national CCC prohibited party alliances, the confederation had always unofficially supported candidates of this party, beginning with Cuauhtémoc Cárdenas' 1988 presidential campaign. The confederation reformed its statutes in 2011 to permit an electoral alliance with the PRD in that year's election.

candidate in campaign events).¹⁵⁴ At the same time, however, CNC did not rely on the COCOCAM as its principal mode of influencing policy, as most member organizations of COCOCAM did. The CNC has representatives charged with outreach to several government ministries, including not only the state and federal agricultural ministries, but also ministries of the economy, health, social development, and others.

In addition, the CNC consistently has had several members in the state legislature—five at the time of the interview with Estrada—and often representatives in the federal legislature. As Estrada explained, the organization uses these connections to get legislative attention for its members' concerns: "We have fellow CNCistas who are deputies and senators. And they help us open doors, when (executive) governments deny us the chance to look for solutions for our members. Our deputies that are members of the CNC help us negotiate on behalf of the organization."¹⁵⁵

While during the period of PRD rule, the CNC was one of only two PRI-affiliated organizations in COCOCAM, the electoral composition of the council changed markedly in the lead up to the 2011 governor's race, where the PRI's candidate was favored, and particularly once Fausto Vallejo came into power in 2012. In the months prior to the 2011 election, several organizations switched affiliations from the PRD to the PRI. Interviewed leaders cited Godoy's poor administration or the quality of the PRI's candidate, but they also acknowledged that the PRI's victory was a likely scenario and that they were promised distributive benefits from Vallejo's administration if they supported his campaign.¹⁵⁶ One year into Vallejo's term, the council split roughly evenly among PRD- and PRI-affiliated organizations and was wrought with infighting as each of these factions sought to take control of the council, which would grant them the power to designate committee leaders who would regularly meet with government ministry personnel.

Business in Michoacán: Isolation, with Glimmers of Consultation

The Michoacán government's approach to business development is notable for its exclusion of the organized business community. It bears mention that the prime business organizations in the state are not as large nor did they have the same history of closeness with the state government as their sister organizations in Jalisco. Perhaps the decentralized nature of entrepreneurial activity in Michoacán—compared with the centralization of Jalisco commerce and industry in the capital city—has created obstacles to active engagement with the state government. Nonetheless, the administrations of Cárdenas and Godoy gave clear signs of avoiding chambers in the operation of business support programs and the PRD party organization in Michoacán did not pay much heed to integrating business leaders into its electoral or policymaking processes.

¹⁵⁴ Interview, Vicente Estrada Torres, Secretary of Political Operations, CNC-Michoacán, January 26, 2012.

¹⁵⁵ Interview Vicente Estrada Torres. "*Tenemos compañeros CNCistas que son diputados o senadores. Y ellos no ayudan a abrir las puertas, a veces, cuando los gobiernos también nos niegan la participación de buscar soluciones para nuestros agremiados. Nuestros diputados que son miembros de la CNC nos ayudan a ser gestores, también, de la organización.*"

¹⁵⁶ Interviews, Primitivo Avalos Pérez, Director, Coordinator of Agricultural Producers El Surco, November 8, 2012; Valerio Celaya, Project Consultant, Unión General de Obreros y Campesinos de México-Jacinto López, August 16, 2012; Gilberto González, Dirigente, Coalición de Organizaciones Democráticas y Urbanas, January 25, 2012.

Business promotion in Michoacán has combined support for micro and small businesses with occasional strategic projects to attract large-scale foreign investment. In both areas, business organizations have largely been excluded from planning or implementation. For instance, state government funded business incubators are situated exclusively at universities, and not in business organization headquarters as in other states. Representatives of both CANACO and COPARMEX in the state mentioned that a central programmatic goal that they had was the approval of a law to regulate protest in the state, claiming that disruptive protests adversely affect business. Given that the PRD is aligned with groups that engage frequently in protest activities, such as the CNTE and dissident peasant organizations, there is a clear clash of programmatic interests.

Despite isolating business organizations from policymaking, state economic development ministry personnel claim that Michoacán has been an innovator in micro-enterprise promotion. This state created the program @Tienda in 2004, targeted to five types of businesses—convenience stores (*tiendas de abarrotes*), bakeries (*panaderías*), auto mechanics (*talleres*), office supply stores (*papelerías*), and tortilla vendors (*tortillerías*). This program, which the federal government later replicated through Fondo PyME, provides training and resources to help these businesses remain competitive in the face of proliferating chain stores. According to a consultant for @Tienda, most potential beneficiaries approach the program seeking credit or subsidies, but benefit most substantially from the consulting provided to develop a business plan (*plan de negocios*) and improve the image and layout of their stores.¹⁵⁷

The Michoacán Ministry of Economic Development (Secretaría de Desarrollo Económico, SEDECO) also operates a variety of services to help micro-entrepreneurs place their products in local stores, including a networking service to promote locally produced foodstuffs in convenience stores and the operation of an *artesanía* store to promote locally produced crafts. Finally, the state operates a small-business loan program called Sí Financia. None of these programs centrally involve the collaboration of business organizations in the state. State business organizations instead work as intermediaries for federal Fondo PyME projects and, at times refer small business owners to SEDECO if they mention the programs by name.¹⁵⁸ The head of programs for PyME promotion at this ministry reported that they prefer to work with groups of business owners from a given community—often at the request of a municipal president—rather than limit beneficiaries to those who have approached chambers requesting support.¹⁵⁹

This lack of collaboration extends to the SECECO's dynamic with other levels of government. In comparison with Jalisco, where the federal, state, and municipal governments coordinate on a variety of programs ranging from large-scale investments such as the Ciudad Creativa Digital to subsidies for micro-entrepreneurs, collaboration is practically null in Michoacán. Indicative of this lack of collaboration are the three parallel and non-collaborating programs operated by each level of government for small commercial enterprises in Michoacán: Mi Tienda (Fondo PyME, federal government), @Tienda (SEDECO, Michoacán government), Tu Tienda (Municipality of Morelia).

¹⁵⁷ Interview, Janitzio Piña, Consultant, FUNDES-México, November 16, 2011.

¹⁵⁸ Interviews, Delia Cárdenas Pedraza, Manager of Social Communication and Training, CANACINTRA-Morelia, January 26, 2012; Humberto Ortega, Consultant, Centro México Emprende, CANACO-Morelia, December 5, 2011.

¹⁵⁹ Interview, Gabriel Gutiérrez, Director of Programs for Micro, Small, and Medium Firms, Michoacán Ministry of Economic Development, December 8, 2011.

In the realm of large-scale infrastructure, the state government has pursued a handful of strategic projects, such as the creation of industrial parks or improvements in the transportation infrastructure in the port city of Lázaro Cárdenas. Again, these projects have operated without much input from organized business. Tellingly, the entrepreneurial interests in Cárdenas and Godoy's cabinets did not have ties to organized business, but rather were owners or managers of large corporations based in the state. Heads of SEDECO and have been executives at Organización Ramírez, Michoacán's largest corporation and owner of the dominant movie theater chain in the country and other corporations, without direct ties to organized business (Chávez Gutiérrez 2011, 264–269).

The PRD administrations' impassivity toward organized business is further illustrated in the perfunctory attempts to create institutions for consultation for business organizations. Representatives of the major business organizations located in Morelia report participating in committees in a handful of the most relevant areas, such as economic development, but this participation does not come anywhere close to the dozens of councils that business organizations in Jalisco report participating in. The Consultative Council for Economic Development of Michoacán (Consejo Consultivo para el Desarrollo Económico de Michoacán) was founded in 1997, prior to Cárdenas' entry into state government. This council, whose members are named directly by the governor, includes several state ministry leaders and eight representatives of business associations in the state. While COPARMEX and the Consejo Coordinador Empresarial of Michoacán were included from the beginning, CANACINTRA and CANACO-Morelia were not integrated into this council until 2010. The council is quite inactive, holding meetings irregularly roughly every four months, with many absences. The business organization leaders interviewed, however, reported no important initiatives that they had pursued through this council,¹⁶⁰ and the council's director described the council as "rubber-stamping" projects that have already been approved by SEDECO or other agencies and that votes are almost always unanimously in favor: "This is not a body where there's much confrontation or disagreement. In reality, projects are presented, and more than anything the process is an issue of form, not really substance."¹⁶¹ Instead, the technical director of this council said that the most important project that it has undertaken is building economic ties between Michoacán and China through participation in international forums and scholarships for students to conduct internships in China.

Michoacán PRD congressman Enrique Bautista pushed for the creation of an Economic and Social Development Council patterned after CESJAL in Jalisco. This council was approved by the state legislature in 2011, but the state government, both under Godoy and Vallejo failed to fund the council and it was only finally constituted in 2014, after Bautista filed a case with the federal judiciary to force the state government to follow through.¹⁶² The state Secretary General

¹⁶⁰ Interview, Eduardo Sánchez Martínez, Ex-President, COPARMEX-Michoacán, February 2, 2012. "*Ese Consejo de Desarrollo Económico si es un consejo creado por el gobierno para respaldar también al gobierno y que el gobierno invita a participar de muchas cosas. Es un consejo consultivo que lo propone el gobierno y es estrictamente consultivo, no es vinculatorio.*"

¹⁶¹ Interview, Juan Carlos Vega Solórzano, Executive Director, Consejo Consultivo para el Desarrollo Económico de Michoacán, January 24, 2012. "*No es un organismo en el cual haya mucha confrontación, donde haya polémica. En realidad se presentan los proyectos, es más que nada para atender una cuestión de forma, no así de fondo.*"

¹⁶² See: <http://cesjal.org/vinculacion/conformado-el-consejo-economico-y-social-del-estado-de-michoacan>, <http://www.respuesta.com.mx/index.php/30-noticias-principales/6658-demandan-nulidad-de-consejo-economico-y->

of the CTM, a PRI-affiliated labor confederation, was named president of the council, and unlike the CESJAL, the council includes representatives of political parties, against the wishes of Bautista.

The Chamber of Commerce of Morelia is the largest business organization in the state with roughly 4,000 active members, and 32,000 affiliates through the SIEM. As discussed in the previous chapter, this organization has been particularly enterprising in recruiting and retaining members with a high-intensity recruitment program which also yields impressive financial resources through the federal SIEM program and a plethora of valuable services offered to its members, including daily training sessions, well-attended networking events, and even discounts at local establishments. These tactics position the CANACO to be active in the state's programmatic business development agenda. However, the economic development apparatus in Michoacán has typically not opened doors to the CANACO's participation. Staff of the training area of the CANACO reported that state employees frequently attend training sessions, often with the cost covered by their employers, but the state does not otherwise support the routine programming of the chamber.

According to the CANACO's director, the most important instance of state-chamber collaboration is for the Semana PyME, a yearly week-long event providing training activities, keynote speakers, and networking opportunities for business owners and any citizens in the state interested in entrepreneurial activity.¹⁶³ This program is subsidized both by SEDECO and the federal Fondo PyME program, but most of the funds come from entry fees. The chamber does have a well-staffed and active Centro México Emprende, well versed in municipal, state, and federal programs available for entrepreneurs. The head consultant at this center, however, reported having the greatest success with the state-level delegation of the federal Ministry of the Economy. He reported that the state government programs are highly bureaucratic and that entrepreneurs that have come to the chamber looking for support accessing these programs have been unsuccessful in applying.¹⁶⁴

The other largest business organizations in Morelia report even less engagement in state business development programming. Founded in 1940, the Morelia CANACINTRA is the oldest state delegation of this chamber and certainly was an important political actor in the mid-century period. However, since the revocation of mandatory chamber membership and the decline of the manufacturing industry in Michoacán, this organization has seen its membership decline precipitously, with roughly 1,600 members at the time of the interview.¹⁶⁵ This organization could perhaps be described as primarily patronage seeking, given that the most important activities are providing credit and subsidies for members to take part in training programs. The head of training for CANACINTRA reported that in 2011, the organization helped get funding from Fondo PyME for over 400 local businesspersons to take part in an online business management course. Like CANACO, CANACINTRA has minimal participation in state programs, instead accessing programs offered by the federal Ministry of the Economy through its México Emprende Center. In the programmatic realm, the CANACINTRA-Morelia's president

[social-de-michoacan.html](http://www.quadratin.com.mx/sucesos/Toman-protesta-integrantes-del-Consejo-Economico-y-Social-de-Michoacan/)>; <<http://www.quadratin.com.mx/sucesos/Toman-protesta-integrantes-del-Consejo-Economico-y-Social-de-Michoacan/>

¹⁶³ Interview, Agustín Rebollar Cruz, General Director, CANACO-Morelia, July 5, 2013.

¹⁶⁴ Interview, Humberto Ortega.

¹⁶⁵ Interview, Delia Cárdenas Pedraza.

lobbied state legislators on behalf of a Law for Science and Technology, which ultimately failed to pass.

The Michoacán COPARMEX affiliate is quite small, with only roughly 320 active members.¹⁶⁶ Like CANACINTRA and CANACO, COPARMEX operates a Centro México Emprise, through which it manages federal small-business support programs, primarily Fondo PyME programs that offer finance or training such as Mi Tienda. The interviewed consultant of the México Emprise said that their office does not apply for these benefits directly, but that instead they are negotiated by the federal COPARMEX headquarters and allotted to each state delegation. In 2006, COPARMEX also received funds from the federal Ministry of the Economy through Fondo PyME to buy land to build a new headquarters and industrial park. According to a former president of COPARMEX and PAN state legislator, the federal government under the PAN presidencies of Fox and Calderón turned to organizations like COPARMEX to avoid providing benefits to a state government that was under the control of an opposition party and had allies in the business sector that were not connected to the longstanding business organizations:

“Since the state government has its friends in the business sector, (COPARMEX and other business organizations) were drawn to Fox, we saw his as a force for change. SEDECO had lots of conflicts with the federal Ministry of the Economy because they come from different parties and have different interests. So, naturally, the Ministry of the Economy looked to COPARMEX, or somebody coming from COPARMEX to be in charge of the committees supervising Fondo PyME for example.”¹⁶⁷

Outside of its administration of distributive programs, COPARMEX in Michoacán has been active in promoting democracy-strengthening programs, such as electoral monitoring, transparency reforms, and co-organizing a march for peace.

Given its decentralized nature, the state of Michoacán has business chambers in several cities outside of Michoacán, including 15 chambers of commerce and six CANACINTRA delegations throughout the state. These organizations typically are small in size and report very limited interaction with the state government. Instead, their political engagement is largely limited to the municipal level—each interacting with several municipal governments in their surroundings. In these smaller outlying chambers, the nomination of chamber leaders to municipal government posts is common, and leaders were less reticent to express their partisan leanings (all three major parties) than fervently nonpartisan chambers in the big cities, although they were clear to state that these preferences were personal inclinations of the presidents and not the position of the chambers.¹⁶⁸ All except CANACOPE-Zamora had Módulos Centro Emprise

¹⁶⁶ Interview, Julia Sánchez Sarabia, Consultant for Centro México Emprise, COPARMEX-Michoacán, December 13, 2011.

¹⁶⁷ Interview, Eduardo Sánchez Martínez, Ex-President of COPARMEX-Michoacán, February 2, 2012. *“Como el gobierno del estado tiene sus empresas afines, digamos, organismos empresariales, nosotros, nosotros veíamos al gobierno de Fox como un cambio, entonces había mucha empatía. El gobierno estatal, la Sedeco, chocaba mucho con con la federal, por ser de diferente partido y de distinto interés. Chocaban mucho. Entonces, naturalmente la Secretaría de Economía buscaba la COPARMEX, o para que fuera alguien de COPARMEX el que tuviera los comités de supervisión del Fondo Pyme, por ejemplo.”*

¹⁶⁸ Interviews, Isabel Fuentes Salomón, Manager, CANACINTRA-Uruapan, February 3, 2012; José García Velázquez, President, CANACO-Zamora, January 27, 2012; José Carlos Granados Garnica, President,

(a smaller version of the Centro México Emprende) and used them with the goal of accessing Fondo PyME programs. These chambers all reported fewer than ten proposals per year and most had not had a single project approved. Financial resources are typically highly dependent on recruitment to the federal registry of firms, and for some organizations, this appeared to be the most important initiative of the chamber as a whole.

V. Conclusion

In this chapter I take up the point of view of the state, investigating how state governments form their own preferences for the participation of interest organizations in economic policy, and eventually how these preferences interact with organizations' demand-making strategies to produce different participatory outcomes. I show that post-transition administrations in Jalisco and Michoacán were concerned both with consolidating linkages to core organizations and with building linkages with non-core organizations in order to expand their electoral appeal. The "ideal" strategy for achieving these dual goals entailed the programmatic incorporation of core organizations—through nominations to elected and cabinet positions and the creation of effective consultative institutions—combined with targeted distributive incorporation of non-core organizations.

Thus, the incoming PAN administration in Jalisco placed a premium on incorporating core small-business organizations at a high level in programmatic policymaking by offering ministerial posts to business leaders and establishing consultative institutions to promote the engagement of small-business organizations in economic policy. At the same time, the PAN administrations used distributive benefits on projects and events that appealed to the broader electorate and in the agricultural sector on benefits for newly organized large-scale agribusiness. In contrast, the PRD in Michoacán sought to consolidate ties to core dissident peasant organizations by incorporating them into programmatic policymaking in an innovative peasant consultative council, the goal of which was to grant a space for these organizations to be stewards of rural development policy in the state. The Michoacán administrations also sought to use distributive benefits to reach out to non-core small business, and created new PyME support programs to do so.

However, the traits and demands of the organizations inherited by the PAN in Jalisco and the PRD in Michoacán forced these newly governing administrations to modify their plans. First, the tactic of incorporating core organizations in programmatic politics and non-core organizations in short-term distributive linkages compels that the ruling party's core organizations are prepared to engage in programmatic policymaking, and open to forgoing distributive benefits in the short term in the interest of helping their party ally win elections. Thus, when core organizations are primarily patronage seeking, as for many peasant organizations in Michoacán, the ruling party is challenged to deploy this strategy, as it must continuously channel benefits to its core organizations. This dilemma is likely an issue that commonly afflicts parties with a popular-sector base.

CANACOPE-Zamora, January 27, 2012; Jorge Jiménez Casillas, Consultant, CANACINTRA-Zamora, January 27, 2012; Pedro Plancarte Molina, President, CANACO-Uruapan, February 3, 2012.

The second challenge is building an organizational base in sectors where the existing organizations are staunchly opposed to the party. Peasant organizations in Jalisco were subject to directives from their national leadership to support the PRI and PRD and thus were not amenable to supporting PAN candidates in exchange for distributive benefits. Similarly, business organizations in Michoacán—while officially non-partisan—had already rejected the PRD owing to its connection to radical labor unions and other groups that they viewed as threatening to economic growth. When organizations are incompatible as electoral linkage partners, the state has little to gain from incorporating them into policymaking. Programmatic incorporation of these non-core organizations would only steer policy from the administration's preferences. And the allocation of distributive benefits would divert resources away from core organizations, while counterproductively strengthening the hand of opposition-party brokers. Thus, we saw in each of these cases that the ruling parties opted not to court the support of these oppositional organizations, instead building new networks for channeling distributive benefits in non-core sectors.

This challenge is ameliorated for a centrist party, such as the PRI, that is able to mold its ideological stance to adapt to the organizations it is most interested in courting. For this reason, when the PRI is confronted by the PAN, as in Puebla, it puts its technocratic foot forward, and appeared not to represent as a great a threat to business organizations as the left-wing PRD would. However, in Michoacán, where the PRI was confronted with the PRD, it put its populist foot forward, downplaying the party's connection to the free-market principles that peasant organizations condemn.

Another challenge that this analysis has uncovered concerns countervailing pressures within the party itself. Within a state party organization, there are several actors with different goals, many of which do not align with the incorporation strategies that promote the party's long-term electoral prospects. PRD visionaries in Michoacán, such as Cristóbal Ariás, Enrique Bautista, and Gabriel Gutiérrez, were eager to involve interest organizations in the planning and implementation of progressive policies to promote the competitiveness of small farmer and micro-entrepreneurs. But these figures clashed with a dominant strain within the party—inherited from the PRD's history in the PRI—to engage interest organizations through cooptation, converting leaders into electoral brokers. Similarly, the PAN in Jalisco was split between an elitist doctrinaire faction, suspicious of organized interests, and the neopanistas, many of whom had been leaders of business organizations and were eager to delegate governing responsibilities to these bodies. These conflicting internal factions produced inconsistent approaches to the programmatic incorporation of core business organizations and strategies to build linkages with non-core groups. Ultimately, like the other problems, this is one that the PRI has come closer to resolving. The PRI is known for its internal party discipline, and notable for its perceived ability to bring different segments of the party in line with the broader goal of accessing and retaining state power.

Chapter 5: Electoral Threat and Organization-Mediated Distributive Spending

I. Introduction

In the last chapter, I described the strategy of incorporating interest organizations into policymaking for ruling parties facing an electoral threat, and detailed the challenges faced by parties in doing so. This chapter observes variation in the electoral threat to the ruling party, focusing on its implications for the allocation of distributive benefits to interest organizations in that party's core and non-core constituencies. This analysis takes advantage of an original dataset of decentralized small-business subsidies, which offer state governments the choice of mediating program benefits through business organizations or delivering them directly to business owners. As discussed in previous chapters, small-business organizations belong to the core constituency of the right-wing PAN government and the non-core constituency for the centrist PRI and the left-wing PRD. Thus, when PAN governments allocate these subsidies to business organizations, they are pursuing a core distributive strategy. When the PRI or PRD allocate these subsidies to business organizations, they are pursuing a non-core distributive strategy.

When given the option of allocating these benefits to business organizations, when do state governments ruled by these different parties choose to do so rather than delivering them directly to business owners or spending them on public goods, choices which offer different electoral benefits? The argument laid out in the previous chapter suggests that the PAN will have incentives to allocate distributive benefits when electorally dominant, but when facing an electoral threat, may prefer to allocate these benefits to swing groups or to spend the resources on broadly appealing public goods. In contrast, when the PRI is dominant, it is expected to exclude non-group groups such as business organizations from distributive spending, but when facing a threat, the PRI may increase its allocations to these groups to retain their short-term electoral support. Finally, we may expect the PRD to operate as the PRI does because small-business organizations are also non-core for this party. However, the ideological breach may simply be too sizable, as seen in the case of Michoacán in the previous chapter, and PRD governments may not alter their strategy for incorporating business organizations in distributive politics based on electoral conditions.

The analysis in this chapter links this project to a small and growing literature that explores the organizational roots of distributive politics, responding to the empirical reality in many developing countries that electorally manipulated distributive programs are often intermediated by base-level organizations rather than directly delivered to voters.¹⁶⁹ Politicians stand much to gain from forming electoral linkages with interest organizations, which are equipped to provide considerable campaign and party-building services, resources that may be more valuable than the uncertain ballot-box boost from allocations to individual citizens. Among the few studies that discuss organization-mediated distributive spending, this is typically

¹⁶⁹ Important examples include Auerbach (2014), Penfold-Becerra (2007) and Thachil (2014), who show how political parties work through party-affiliated base-level organizations to deliver particularistic benefits and services in lower-class neighborhoods in Venezuela and India. Notably, however, these studies focus on party-embedded organizations only and do not discuss how parties establish linkages with autonomous organizations. Bueno (2014) is unique in addressing distribution to base-level organizations that are not formally incorporated into the party organization.

depicted as a core strategy—rewarding and strengthening electoral allies with government handouts. However, as literature on vote buying points out, parties face tradeoffs between distribution to core and non-core groups (Cox and McCubbins 1986; Diaz-Cayeros, Estévez, and Magaloni 2012b; Gans-Morse, Mazzuca, and Nichter 2014).

Organizations in a party’s core and non-core constituencies offer different electoral resources, and thus ruling politicians incorporate them into policymaking in an effort to gain the electoral benefits that are most needed given the ruling party’s electoral goals. Organizations in a party’s *core* constituency contribute to the party’s long-term goal of strengthening and consolidating its base. These organizations socialize members to support the party, help design policy and deliver services, and groom candidates for office. Organizations in a party’s *non-core* constituency contribute to the party’s short-term goal of winning an upcoming election. In a given election, these organizations can mobilize support among groups in society that typically are not aligned with that party. But these groups will tend to sever the linkage following that election and thus do not contribute to long-term party-building. It follows that ruling politicians allocate distributive benefits in accordance with the degree of electoral threat that they face: When a party is electorally strong, it prioritizes organizations in its core constituency in order to keep these organizations in the fold and strengthen their efforts at recruitment, which ultimately grows the party base. When the ruling party faces an electoral threat, it prioritizes organizations in its non-core constituency, whose public endorsements and campaign activities may be pivotal in an upcoming election.

This argument predicts that PAN governors will prefer to consolidate linkages with business organizations by involving them in subsidy projects when this party is electorally strong. However, PAN governors in states where their party faces a significant threat in an upcoming election may decide that it is more efficient to deviate rewards away from these organizations, using this program to build linkages with other organizations or individual business owners, who are more likely to be swing. Given that small-business organizations share programmatic policy goals with the PAN, they are likely to support this party anyway, perhaps in exchange for non-distributive inducements, such as nominations for public office or influence in programmatic policies. Conversely, when the PRI governs, its leaders will seek to build short-term linkages with small-business organizations by increasing transfers to these organizations when it faces a significant electoral threat—and particularly when this threat comes from the PAN—as PRI leaders are interested in gaining the organizations’ support in the upcoming election. However, when the PRI is electorally dominant, it will use its distributive spending to reward its own base, bypassing these organizations and allocating a greater share to other organizations or to individual business owners. We may expect the PRD to operate similarly to the PRI—increasing allocations to non-core business organizations when facing an electoral threat. However, given the wide ideological distance between the PRD and these organizations, these administrations’ outlays to business organizations may not be affected by competition, as they instead allocate resources to other groups that they are more amenable to short-term linkages.

To test this argument in the realm of distributive politics, I analyze data from Fondo PyME, a small-business subsidy program that is designed and funded by the federal government, but operated by state governments.¹⁷⁰ The “federalized” nature of this program allows me to

¹⁷⁰ The acronym “PyME” refers to “small and medium-sized businesses” (“pequeñas y medianas empresas”)

make controlled comparisons across Mexican states and over time, isolating the state-level electoral factors that drive governors' distributive choices. I conduct this analysis using an original dataset of all projects funded by this program from its inception in 2004 until 2011, acquired through public-information requests to the Mexican government and paired with state-level electoral, economic, and demographic data. This is the first study that I know of that analyzes state-level distributive spending in Mexico.

By comparing states governed by parties with different relationships to small-business organizations, facing different levels of electoral threat, I test my argument that ruling politicians will use distributive programs to consolidate ties to "core" interest organizations when they are electorally strong and to build bridges with "non-core" organizations when they face an electoral threat. My statistical analysis of Fondo PyME spending shows that electoral competition has different effects on the distributional choices of PAN, PRI, and PRD governments. PAN governors disproportionately reward small-business organizations (which belong to their core constituency) when they enjoy large margins of victory; and they reward these organizations less as elections become more competitive. On the other hand, when PRI governors enjoy large margins of victory, they tend to exclude small-business organizations (which belong to their non-core constituency) from subsidies, instead investing these funds in large infrastructure projects or allocating them to local non-governmental organizations. Only when they face an electoral threat do PRI governors make it a priority to reach out to small-business organizations. I find no significant effect of electoral competition on PRD governments' allocation strategies, perhaps because they find it implausible to gain the electoral support of these organizations (as I discuss in the case of Michoacán in the last chapter). I compliment these findings with case studies of four Mexican states, two governed by the PAN and two by the PRI during the period under study, including both one-party dominant and electorally competitive states. This fine-grained analysis of Fondo PyME projects provides additional evidence that ruling politicians allocate benefits to small-business organizations when linkages with these groups contribute to their most pressing electoral objectives.

The remainder of this chapter is composed of five sections. The second section lays out my subnational comparative approach and the Mexican context, describing the political engagement of business organizations, subnational electoral competition, and the design of the small-business subsidy program that I analyze. I then conduct a quantitative analysis of the distribution of Fondo PyME benefits, first looking at trends in allocations from the federal government to the states and then testing the effect of electoral threats to the ruling party on state governments' distributive choices. The fifth section is composed of four state-level case studies, illustrating how spending outcomes vary in states governed by the PRI and PAN facing differing levels of electoral threat. The final section concludes, discussing the implications of my findings and potential extensions of this approach to other types of interest organizations and party systems.

II. Parties, Business, and Distributive Politics in Mexico

I test this theory by comparing how state governments in Mexico distribute small-business subsidies under the program Fondo PyME. In contrast to many studies of distributive politics whose focus is on the national level, my subnational-comparative approach allows me to

observe distributive outcomes across jurisdictions governed by different parties under different degrees of electoral competition.¹⁷¹ I achieve greater inferential leverage by analyzing each of Mexico's 32 states over an eight-year period, from 2004 to 2011, yielding 256 units of analysis. Variation on party in power and electoral threat occurs both across states and over time, as several Mexican states experienced party alternation or modifications in competitiveness during this eight-year window.

This section lays out three characteristics of the Mexican case that contextualize the subsequent analysis. First, I briefly review the historical relationship between organized business and political parties in Mexico, laid out initially in Chapter 2, demonstrating that small-business organizations belong to the PAN's core constituency and the non-core constituency of the formerly dominant PRI. Second, I discuss state-level electoral competition in Mexico, showing how the uneven spread of the democratic transition across Mexican states has yielded some states with vigorous multi-party competition for governor, others where the once nationally hegemonic PRI remains dominant, and others where former opposition parties—the PAN or the PRD—have won by large margins. Finally, I lay out the details of Fondo PyME, showing how this program offers state governments ample discretion to incorporate interest organizations in distribution or to allocate subsidies in other ways, such as job-creation programs that appeal to the broader electorate or handouts directly to small-business owners.

Small-Business Organizations and Electoral Politics

I classify as small-business organizations those that are made up primarily of owners of micro-enterprises or small businesses. The most prevalent mode of small-business organizations in Mexico are chambers that belong to national confederations, either umbrella confederations such as the Confederation of National Chambers of Commerce (Confederación Nacional de Cámaras de Comercio, CONCANACO), the National Chamber for the Manufacturing Industry (Cámara Nacional de la Industria de la Transformación, CANACINTRA); or industry-specific chambers, such as the National Chamber for the Textile Industry (Cámara Nacional de la Industria del Vestido, CONAIVE) or Mexican Chamber for the Construction Industry (Cámara Mexicana de la Industria de la Construcción, CMIC).¹⁷² In addition, all Mexican states have at least one affiliate of the Employers' Confederation of the Mexican Republic (Confederación Patronal de la República Mexicana, COPARMEX), an economy-wide organization of employers. In my national survey conducted with state-level affiliates of CONCANACO and CANACINTRA, the two largest business confederations in Mexico, the mean proportion of these organizations' members that belong to the micro or small classifications was 75 percent, with a median of 80 percent ($N=74$, Author's Survey, 2012).¹⁷³

¹⁷¹ See Snyder (2001) for a discussion of the subnational comparative method under the framework of qualitative case studies.

¹⁷² While all Mexican businesses were required to belong to a chamber until 1997, membership has since been voluntary.

¹⁷³ The Mexican statistical bureau defines micro-enterprises as those with ten or fewer employees and small firms as those with 11 to 50 employees in the industrial and service sectors and 11 to 30 employees in the commercial sector. See:

http://www.inegi.org.mx/est/contenidos/espanol/proyectos/censos/ce2009/pdf/Mono_Micro_peque_mediana.pdf.

While a predominance of micro and small firms is the norm for business chambers, organizations do exist that predominantly represent large-business interests, most notable the Mexican Council of Businessmen (Consejo

While business organizations in Mexico are publicly non-partisan and prone to “hedge their bets” by pursuing friendly relationships with politicians of all parties, these organizations exemplify the greatest programmatic affinity and organizational overlap with the right-wing PAN. Thus, while party linkages vary across states and over time, small-business organizations can be considered core for the PAN during the period from 2000 to 2012. This affinity is most obvious for COPARMEX, which, while officially non-partisan, played an important role in the party’s founding in 1939 and has aligned programmatically with the this party in the subsequent decades (Mizrahi 2003; Shadlen 2004).¹⁷⁴ However, as I show in the previous chapters, ruptures between the PRI and the business chambers from the 1970s onward, coupled with President Vicente Fox’s revival of corporatist ties with chambers in 2000 establish these organizations as core for the PAN as well.

State-Level Party Competition

This analysis exploits the significant variation among Mexican states (and over time within states) in terms of the party in power, the challenger party, and vote margins in gubernatorial elections during the period in question. While the transition away from one-party dominance is often associated with the 2000 victory of the PAN for the presidency, the transition unfolded gradually on the state level, beginning with gubernatorial victories by the PAN as far back as 1989 and by the left-wing PRD beginning in 1997.

Table 1: Party Turnover for Mexican Governors

PRI Continuity	PRD Ascendency	PAN Ascendency	PAN and PRD
Campeche	<i>Chiapas (2000)</i>	<i>Aguascalientes (1998)</i>	Baja Calif. Sur (1999)
Coahuila	Dist. Federal (1997)	Baja California (1989)	Morelos (2000)
Colima	Guerrero (2005)	<i>Chihuahua (1992)</i>	<i>Nayarit (1999)</i>
Durango	<i>Michoacán (2001)</i>	Guanajuato (1995)	Oaxaca (2010)
Hidalgo	<i>Zacatecas (1998)</i>	<i>Jalisco (1995)</i>	Puebla (2010)
México		<i>Nuevo León (1997)</i>	Sinaloa (2010)
Quintana Roo		<i>Querétaro (1997)</i>	<i>Tlaxcala (1998)</i>
Tamaulipas		<i>San Luis Potosí (2003)</i>	
Veracruz		Sonora (2009)	
		<i>Yucatán (2001)</i>	

Note: Years for the first opposition-party electoral victory are in parentheses. Where parties ran in coalition, the state is coded with party that had the highest electoral returns in the most recent election where the parties ran separately. In Nayarit (1999), Oaxaca, Puebla, and Sinaloa (all 2010), a candidate backed by a PAN-PRD alliance defeated a PRI candidate for governor. Baja California Sur, Morelos, and Tlaxcala are the only states where all three parties have independently held the governorship. Many of the candidates represented in this table were backed by a coalition of one the three large parties with one or more minor parties. In these cases, the state is coded as belonging to the large party that led the coalition. Source: CIDAC electoral database (http://www.cidac.org/esp/Datos/_Electorales.php).

Mexicano de Hombres de Negocios, CMHN), comparable to the Business Roundtable in the United States. Such organizations are ineligible for small-business subsidies and thus fall outside the scope of the present analysis.

¹⁷⁴ Since its founding, Coparmex has opposed PRI rule. The Coparmex website lists among its most important achievements the PRI’s loss of its congressional majority in 1997, stating that then “Coparmex began to have closer ties to the political class and greater influence in national affairs.” See:

http://www.coparmex.org.mx/index.php?option=com_content&view=article&id=49&Itemid=209

As shown in Table 1, the PAN or PRD secured gubernatorial victories in over two-thirds (23 out of 32) of Mexican states between 1989 and 2012. Twelve of these states (*in italics*) were eventually reclaimed by the PRI, as it ramped up its comeback that culminated in recouping the presidency in 2012. However, a few years ago, we could certainly have spoken of states that had become bastions of the PAN (Aguascalientes, Baja California, Guanajuato, Jalisco, and Querétaro) and of the PRD (Chiapas, Distrito Federal, Guerrero, Michoacán, and Zacatecas), having been held by the former opposition parties for consecutive terms. On the other extreme, the PRI has governed without interruption in nine states.

Due to the universal presence of the PRI and the geographically distinct areas of strength for the PAN (north, west) and PRD (center, southeast), state-level races frequently break down to two-party contests between the centrist PRI and either the PAN or PRD. Thus, as shown in Table 2, for the 256 state-years under analysis (32 states across 8 years—2004-2011) the four most common configurations of ruling and challenger parties (finishing in second place in the immediately preceding gubernatorial election) all involve the PRI and the two most common configurations pit the PRI against the right-wing PAN. The PRI governed during the majority of all state-years (55.8 percent), followed by the PAN (28.1 percent) and the PRD (18.8 percent). When it was not governing, the PRI was almost always the main challenger to either the PAN or PRD.¹⁷⁵ All 32 states held at least one gubernatorial election during this period and twelve of the states experienced party turnover. On average, the PRI won by larger margins than the other parties, but with significant variation among elections.

Table 2: Party Configurations in Mexican States

Governing Party	Challenger Party	Total State-Years (2004-2011)	Mean Margin of Victory (SD)
PRI	PAN	104 (40.6%)	14.3% (11.1%)
PAN	PRI	60 (23.4%)	11.5% (11.1%)
PRI	PRD	39 (15.2%)	8.9% (7.5%)
PRD	PRI	36 (14.1%)	8.8% (6.2%)
PRD	PAN	12 (4.7%)	11.1% (11.7%)
PAN	PRD	5 (2.0%)	3.9% (0%)

Note: $N = 256$. The ruling party and challenger parties are determined by the first and second place finishers, respectively, in the most recent gubernatorial election.

Fondo PyME: An Application-Based Federalized Subsidy

Decentralization reforms of the 1980s and 90s opened the door for Mexican state governments to control large budgets. These subnational governments often enjoy significant discretion in the operation of decentralized distributive programs. As literature on decentralization in Mexico asserts, this presents a double-edged sword. State governments are better positioned than the federal government to engage local interest organizations in deliberative institutions and execute collaborative development projects that respond to local needs. However, a lack of accountability mechanisms and the predominance of patronage politics on the local level foster the manipulation of these support programs to serve electoral,

¹⁷⁵ The PRI failed to qualify as either the governing or challenger party in only 6.7 percent of the state-years in the sample (corresponding to Morelos 2007-2011, Michoacán 2008-2011, and Distrito Federal 2004-2011).

rather than developmental goals (Cejudo and Zedillo Ortega 2015; Grindle 2007). Here I deal with a specific category of subnational spending: “federalized” subsidies, which are particularly well suited for cross-state comparisons. These subsidies are designed and largely funded by federal government agencies, but administered by state governments. State governments then make decisions about what types of projects to prioritize, evaluate applications, and decide whom to reward with the benefits. Thus, these programs offer a standardized institutional framework that permits a controlled cross-state comparison of distributive spending.

Fondo PyME was adopted in 2004 and administered by the Sub-Ministry of Small and Medium Firms (Subsecretaría para la Pequeña y Mediana Empresa) of the Ministry of the Economy. The program’s stated goal was to “increase the competitiveness of businesses, through the development of the skills necessary to participate successfully in national and international markets.”¹⁷⁶ The Fox administration highlighted Fondo PyME as an important element of its campaign to generate employment and bolster the Mexican middle class. This program provides funding for a wide variety of types of projects that benefit small-business owners, including infrastructure investments, consulting services, subsidized loans, and participation in conventions. During each year since its creation, Fondo PyME has represented the largest line item in the Ministry of the Economy’s budget although its absolute size grew during the presidency of Felipe Calderón (2006-2012), Fox’s successor. Budgets for Fondo PyME nearly quadrupled—from 1.8 billion pesos (roughly 140 million USD) in 2006 (Fox’s last year) to 7 billion pesos (roughly 550 million USD) in 2012 (Calderón’s last year). Approximately 65 percent of Fondo PyME’s total budget is administered directly by the federal government. However, this project focuses on the remaining 35 percent, which is administered by state governments and totaled 8.7 billion pesos (about 700 million US dollars) over the period from 2004 to 2011.

Each project funded by Fondo PyME must have an “intermediating organization” (*organismo intermedio*, IO). Typically, the IO designs a project and submits it to state-government personnel for approval. If approved, the ministry provides money to the organization to implement the project. The types of IO’s that participate in Fondo PyME can be broke into three categories: government agencies, small-business organizations, and other organizations (such as local NGOs, universities, or private consulting firms). I measure my dependent variable—involvement of small-business organizations in distributive programs—in two ways: first, by calculating the value of Fondo PyME subsidies in each state for which these organizations are listed as IOs; and second, by counting the total number of Fondo PyME projects mediated by these organizations. Incorporating business organizations as IOs signifies an overt choice by the state government to bolster these organizations’ recruitment capabilities, as the benefits generated by Fondo PyME are easily leveraged as membership inducements. Furthermore, the collaboration between the business organization and the state ministry that administers the subsidy presents an opportunity for the formation or strengthening of linkages, which often entail the organizations’ electoral support for the governing party and increased voice in programmatic politics.

¹⁷⁶ Taken from: <http://www.fondopyme.gob.mx/fondopyme/2010/evaluaciones/EvaluacionFondoPYME\2004.pdf>.

For each project, the dataset included the following categories of information:

- Project folio number
- Project name
- State administering the project
- Intermediating organization name
- Budget (disaggregated by source: federal, state, and municipal government; private sector; universities; other source)
- Number of firms benefiting
- Type of firms benefitting (entrepreneurs, microenterprises, small and medium enterprises, “gazelles”—fast-growing firms, “tractors”—large firms)

I use these data to calculate *organization-mediated spending*—the total public spending for projects that had a business organization as IO—for each of the 32 Mexican states across the eight years of the program, yielding a sample size of 256.

Intermediating Organizations: As shown in Table 4, approximately one-fifth of the projects (513 out of 2548) in the sample had business organizations as IOs, representing about seven percent of all federalized Fondo PyME spending (599 million pesos over the eight-year period). Close to one-third of projects have governmental bodies—either state ministries or municipal governments—as IOs, bypassing civil society or private-sector intermediaries. The remaining projects involve other types of non-governmental organizations as IOs. Because it is difficult to ascertain whether these organizations constitute core or non-core groups for the different parties, I do not count these as cases of small business-organization mediated projects.

Table 3: Fondo PyME Subsidies by Intermediating Organization

Type of Organization	Examples	Number of Projects	Total Spent
Government	State ministry, municipal gov.	858	5,938.4
Small-Business Org	Commerce or industry chamber, Coparmex	513	598.9
Other Organization	University, consulting firm, NGO	1,177	2,148.6
Total		2,548	8,685.8

Note: Figures correspond to total public spending on federalized Fondo PyME projects for the years 2004- 2011. “Total Spent” column shows millions of Mexican pesos.

The analysis in this chapter uses data acquired through a public-information request to the Ministry of the Economy.¹⁷⁷ In response to the information request, this ministry provided a dataset that included one case for each project funded by Fondo PyME from its inception in 2004 through the end of 2011. Data for each project included the name of the IO, the amount of funding provided, and the type of benefit. I coded the types of benefits and types of IO’s into the

¹⁷⁷ Information request folio number: 0001000127411. Response received October 11, 2011. Appeal (*recurso de revisión*) folio number: 5531/11. Responses received November 28, 2011 and December 8, 2011.

categories shown in Tables 3 and 4 and constructed a dataset with variables summarizing allocations to each type of IO for each state-year in the dataset.

Electoral Variables and State-Level Controls

Data on yearly Fondo PyME spending is paired with data drawn from governors' election results in order to calculate several indicators of electoral competition in each state. The ruling party is the party of the candidate that won the last governor's election and the challenger party is the party of the second-place finisher in the same election.¹⁷⁸ The level of electoral competition in the state is calculated as the margin of victory in the immediately preceding gubernatorial election. I add control variables for each state from Mexico's statistical bureau (Instituto Nacional de Estadística y Geografía, INEGI), including population, GDP, and the number of firms. I also include a measure of the percent of firms in each state that appear in a national database of firms (Sistema de Información Empresarial Mexicano, SIEM), a proxy for the coverage of business chambers, since these chambers are responsible for enrolling firms in the SIEM. Summary statistics for the relevant spending variables, electoral traits of states, and socio-demographic controls are shown in Table 5.

Table 4: Summary Statistics

	Mean	SD	Minimum	Maximum
Fondo PyME Spending (thousands)	33,929	403,536	0	3,209,471
Org-Mediated Spending (thousands)	2,339	6,384	0	81,580
Margin of Victory	0.11	0.09	0.01	0.41
PRI Vote Share	0.43	0.09	0.22	0.62
PAN Vote Share	0.32	0.16	0.01	0.62
PRD Vote Share	0.20	0.17	0.01	0.55
GDP (thousands)	432,617	440,053	72,114	2,291,440
Population (thousands)	3,226	2,754	512	14,007
Number of Firms	111,000	96,478	20,190	446,200
SIEM Percentage	22.3%	18.4%	1.6%	93.0%

Note: N = 256. Spending variables and GDP expressed in thousands of Mexican pesos. PAN and PRD vote share figures exclude cases where PAN and PRD ran in coalition.

III. Analysis of Fondo PyME Distribution

Fondo PyME has two stages of distribution: first from the federal government to the states, and second from state governments to the intermediating organizations (IOs) that carry out the projects. In this section I analyze both stages of Fondo PyME distribution across all Mexican states from 2004 to 2011. First, I display evidence suggesting that first-stage distribution is biased in favor of PAN-governed states, particularly in federal election years.

¹⁷⁸ The values for ruling party and challenger party are coded beginning with the year following the election when the new governor has taken office. Where parties ran in coalition, variables are coded with the party that had the highest electoral returns in the most recent election where the parties ran separately.

Then I move to the second stage of distribution and show that overall percentages of Fondo PyME funds that are allocated to public goods and to business organizations are relatively equal across states governed by each of the three major parties, but that the PAN spends more on projects that benefits business organizations directly. However, I then explore multivariate regressions that provide evidence that PRI-led state governments respond to electoral threats by deviating funds *toward* small-business organizations, while PAN-led state governments respond to electoral threats by deviating funds *away from* small-business organizations.

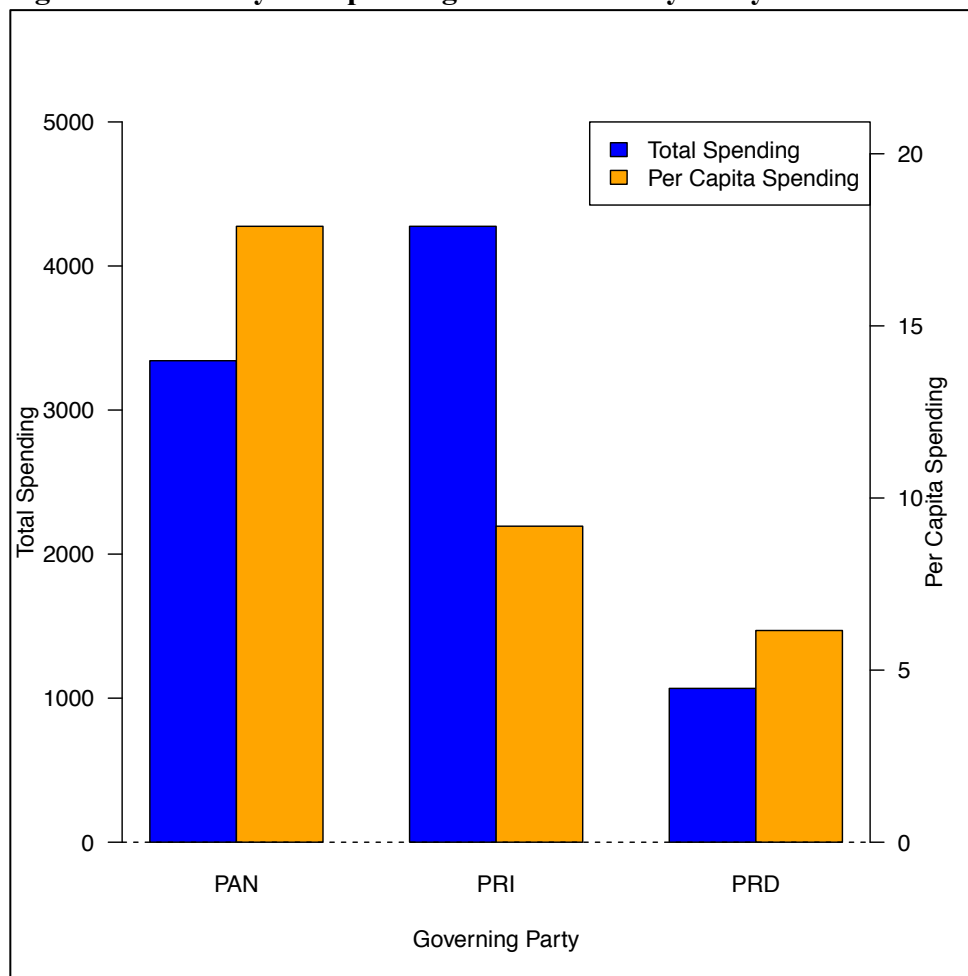
First-Stage: From the Federal Government to the States

While the distributive choices of state governments are the focus of this analysis, it is worth briefly addressing the criteria that the federal government uses for distribution among the states. Over the years of the program, there has been no consistent formula determining how much money is allocated to each state for federalized subsidies. An interviewed department head at the Ministry of the Economy said that they base this distribution on demand: state government personnel that ask for more funds and demonstrate demand in their states receive a higher share of Fondo PyME funding.¹⁷⁹ On the other hand, state economic development ministry personnel interviewed report lively negotiations in the Chamber of Deputies, in the establishment of yearly *Convenios de Coordinación*, which define the federal contribution to Fondo PyME for each state.

It is quite plausible that the federal government's distributive logic for Fondo PyME is influenced by partisan concerns. After all, these funds are highly valuable to governors to strengthen their parties' relationships with the business communities, an important factor in electoral success. An obvious prediction is that the federal government—controlled by the PAN during the period under study—would prefer that more Fondo PyME money be in the hands of PAN governors than governors of other parties. As shown in Figure 1, descriptive evidence of the distribution among states governed by different parties is suggestive of such partisan bias. While PRI-governed states have received the greatest share of Fondo PyME funds over this period (about 4.3 billion pesos, compared with 3.3 billion pesos for PAN-governed states and 1.1 billion pesos for PRD-governed states), much of this difference owes to the fact that many more Mexicans live in PRI-governed states than states governed by the other two parties. On a per-capita basis, PAN-governed states received two to three times the amount of funding during the period in question than other states—about 18 pesos in funding per inhabitant, compared with nine pesos per inhabitant in PRI-governed states and six pesos per inhabitant in PRD-governed states.

¹⁷⁹ Interview Miguel Ángel Sánchez Zaragoza, Subsecretaría de PyMEs, Secretaría de Economía, March 26, 2012.

Figure 1: Fondo PyME Spending across States by Party in Power

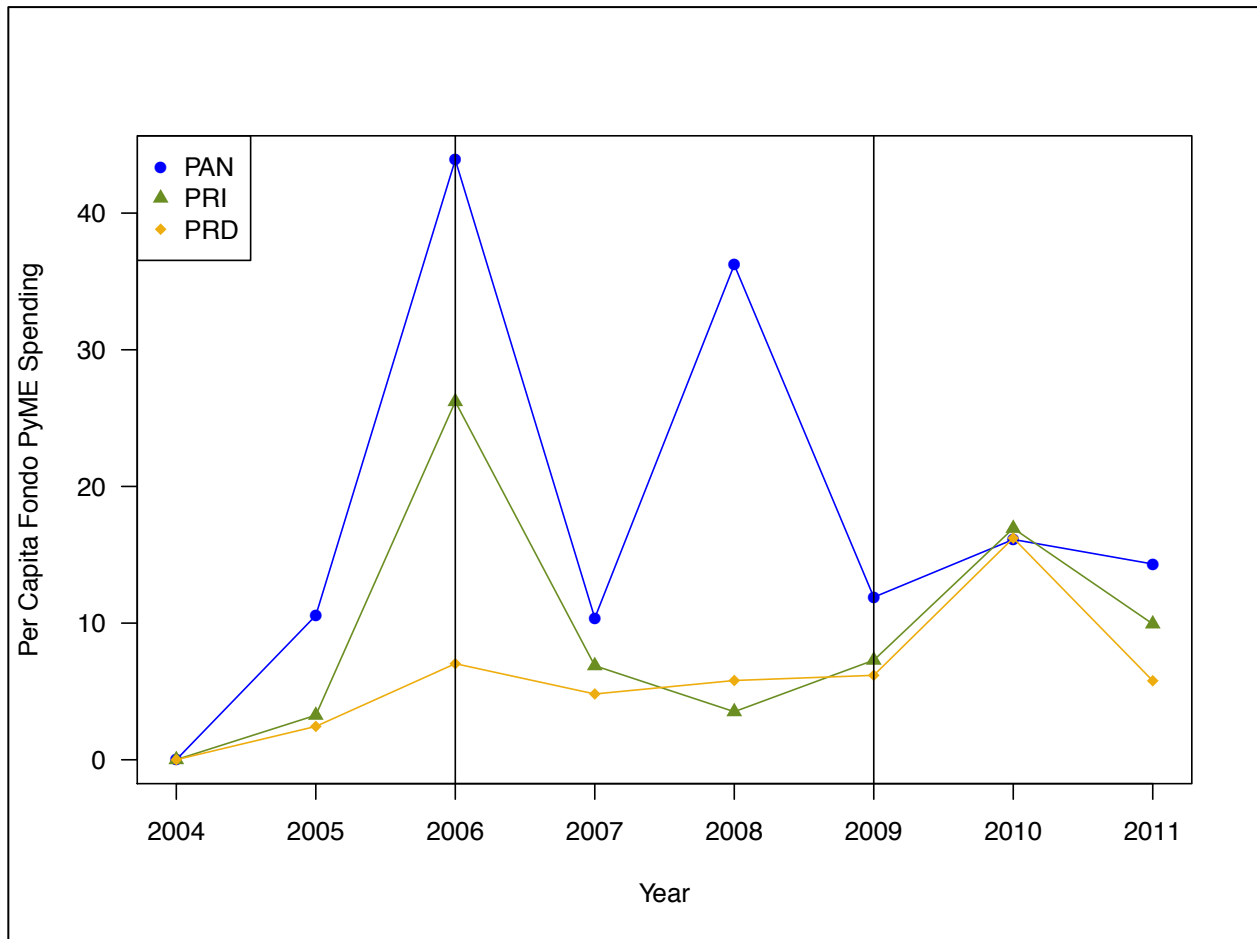


Note: $N = 256$. Data reflects federalized Fondo PyME spending from 2004-2011. “Total Spending” axis shows millions of Mexican pesos. Spending was attributed to each party on the basis of whether that party governed the state receiving the funds during the year in question.

Further evidence that electoral logic influences distribution among states is shown in Figure 2, which breaks down public funding for Fondo PyME projects in states governed by each of the three major parties for each year. As indicated by the blue line, PAN-governed states received greater funds on a per-capita basis every year, except 2004 and 2010 when per-capita funding was nearly identical for states governed by all parties. Notable spikes in funding for PAN-governed states occurred in 2006 and 2008 and for PRI-governed states in 2006, while per-capita spending for PRD-governed states was consistently low. Given that federal elections were held in 2006 and 2009 (denoted by vertical lines) it is plausible that these spikes in distribution to PAN-governed states were issued to bolster the electoral prospects of PAN candidates to federal office. If electoral concerns are central to first-stage Fondo PyME distribution, we must account for two other aspects of spending: the increase in per-capita funding to PRI-governed states in 2006 and the large increase in Fondo PyME spending in PAN states in 2008 rather than 2009. The heightened allocations to PRI-governed states in 2006 are perhaps explained by the fact that the PRI was not expected to contend for the presidency that year; thus the governing PAN may

have attempted to bolster the vote-buying efforts of the PRI at the expense of the PRD, whose candidate for the presidency, Andrés Manuel López Obrador, was the frontrunner. Second, if the PAN did use Fondo PyME to strengthen its party in federal elections, the surge in funding to PAN states in 2008, and subsequent drop in 2009—the midterm election year—appears curious. However, the increased outlay in 2008 is potentially explained by the policy of *blindaje electoral* or electoral protection, which came into effect following the 2006 election and barred the disbursement of distributive programs for several months leading up to elections in an effort to prevent electoral manipulation of these programs. Given this restriction, the federal government may have gotten a jump on distributing electoral rewards to PAN-governed states in 2008.

Figure 2: Over Time Per-Capita Fondo PyME Spending across States by Party in Power



Note: $N = 256$. Data reflects federalized Fondo PyME spending from 2004-2011. Spending was attributed to each party on the basis of whether that party governed the state receiving the funds during the year in question.

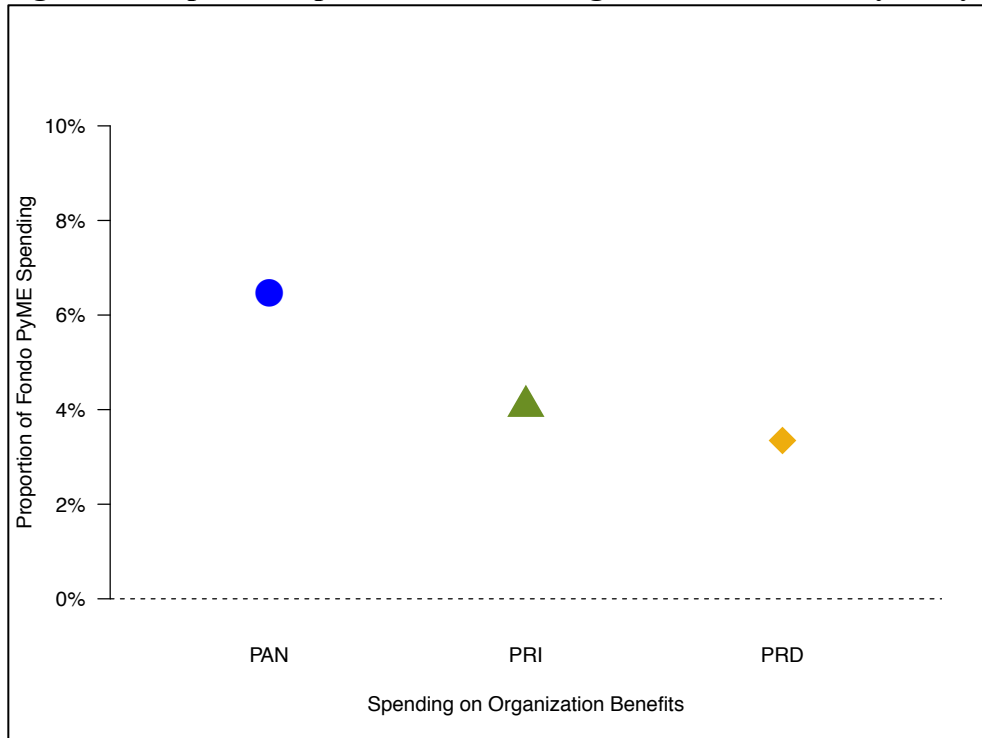
We must be careful when interpreting these descriptive results, as the disproportionate funding of PAN-governed states could possibly be due to non-electoral factors, such as the fact that the PAN tends to govern in wealthier, more urban states of the north and west (however this would not account for election-year surges in spending). Multivariate analysis that control for GDP, population, and socio-economic factors (not shown), however, bolsters this finding: having

a PAN governor is consistently associated with higher per-capita funding levels, and this funding increases significantly in federal election years. Interestingly, state elections appear not to affect spending levels, suggesting that this first-stage distribution is driven more by national political factors than an interest in helping PAN candidates for subnational office.

Second-Stage: State Governments' Distributive Choices

I now analyze the state-level distribution of small-business subsidies. An initial question regards whether state governments under the control of different political parties reward Fondo PyME benefits to small-business organizations at noticeably different levels. Figure 3 shows spending on benefits that accrue specifically to organizations, such as funding for organization events, facilities, or training or consulting services provided by the staff of business organizations. Here we see more differentiation—PAN governments spend a higher percentage of Fondo PyME funds on this type of project—6.5 percent, compared with 4.1 for the PRI and 3.3 for the PRD.

Figure 3: Proportion Spent on Business Organization Benefits by Party in Power

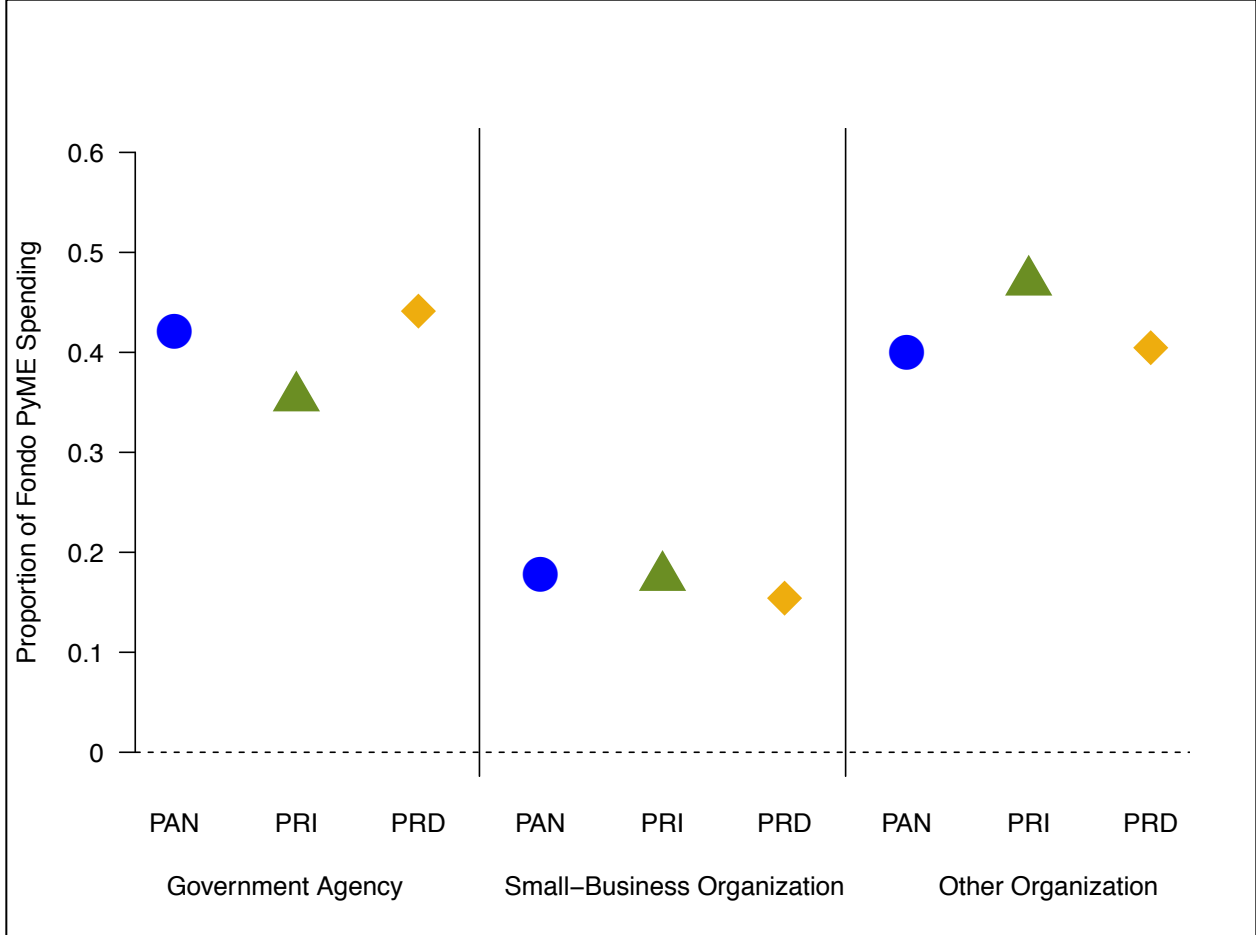


Note: $N = 199$. Data reflects federalized Fondo PyME spending from 2004-2011 for all states that participated in the program.

However as discussed above, allocating benefits directly to an organization is not the only way to support the organization. State governments more frequently employ the organization as an IO, which contributes to the organization's recruitment efforts and also leave some funds in the organization's coffer. Figure 4 compares the amount of subsidy funds that governors of the three parties allocated to projects with government agencies, small-business organizations, or other types of organizations as IOs. At first glance, states governed by the PAN, PRD, and PRI select IO's for Fondo PyME projects in relatively similar ways. On average,

PRI governments allocated a slightly lower proportion of budgets to government agencies and slightly more to “other” organizations, but the differences are slight. States governed by the three parties spent roughly equal proportions of Fondo PyME budgets on projects that were mediated through small-business organizations: between 15 and 18 percent.

Figure 4: Proportion Spent on Each Type of Intermediating Organization by Party in Power



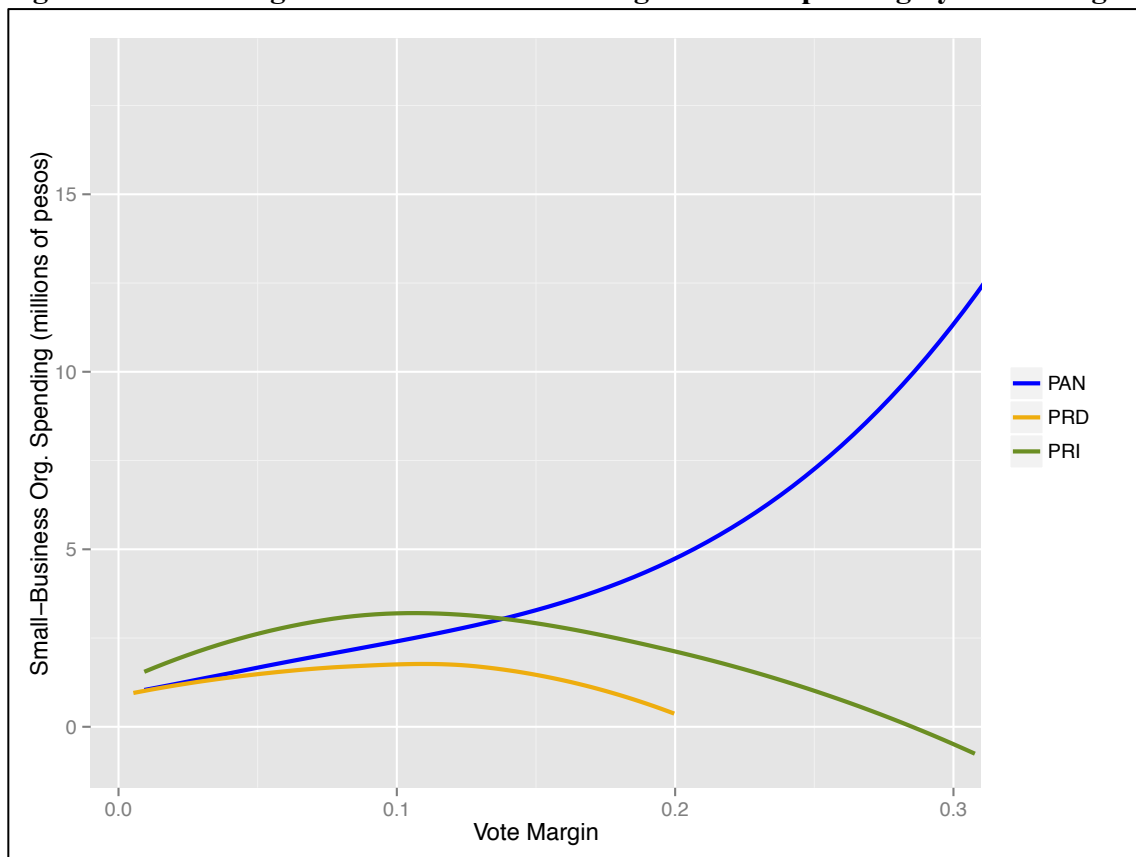
Note: N = 199. Data reflects federalized Fondo PyME spending from 2004-2011 for all states that participated in the program.

When we look at *total* spending on small business organization-mediated projects, we begin to see some differentiation, in line with what we would expect given the relationship of these three parties to these groups. PAN-governed states spent a yearly average of 4.3 million pesos (SD=11.7 million) on these projects, followed by the PRI (mean=2.9 million pesos, SD=4.4 million) and the PRD (1.6 million pesos, SD=4.0 million). As discussed in the previous section, these differences are largely attributable to the biases in allocation of Fondo PyME funds to states: PAN-governed states spent a yearly average of 62 million pesos on all projects, compared with 41 million pesos for PRI-governed states and 27 million pesos for PRD-governed states. This partisan bias does not represent a significant threat to inference because the main

findings are based on within-party rather than across-party comparisons. Nonetheless, the multivariate findings to follow are robust to the inclusion of total allocations of funds to each state as a control variable.

The high degree of variation among states governed by the same party suggests that factors other than the party in power drive governments' decisions about how much money to allocate to small-business organizations. Figure 5, graphing allocations to small-business organizations as a function of vote margins in gubernatorial elections provides preliminary evidence that the degree of electoral competition matters. PAN-governed states appear to transfer more Fondo PyME funds to these organizations as elections get less competitive, while transfers to these organizations decline in PRI and PAN governments beyond a threshold of roughly a 10-percentage point vote margin. In the next section, I conduct multivariate analyses of the correlates of small business organization-mediated spending. These results confirm the finding that characteristics of intrastate electoral competition are highly associated with state governments' distributive choices, while controlling for other variables.

Figure 5: Vote Margin and Small-Business Organization Spending by Governing Party



Note: $N = 199$. Data reflects federalized Fondo PyME spending from 2004-2011 for all states that participated in the program.

IV. The Correlates of Distributive Spending

I now move to multivariate analyses focusing on distributive decisions by administrations under the three major political parties in Mexico: the PAN, a pro-business right-wing party; the PRI, the once-dominant centrist party; and the PRD, a left-wing party. As discussed above, I am interested in understanding how threat to the governing party's hold on power affects distributive decisions. In the following multivariate analyses, the degree of competition is measured as the governing party's margin of victory (*Vote Margin*) in the most recent gubernatorial election. Thus, higher values correspond to a lower electoral threat. I also include a categorical measure for the ruling party for each state-year (*Ruling Party*). The coefficients for the interaction term between Vote Margin and Ruling Party reflect how the different governing parties' allocations to small-business organizations change as the party's hold on power becomes more secure. I run two sets of models. The first set uses ordinary least squares with state-level *spending* on projects mediated by small-business organizations as the dependent variable and the second set uses Poisson with the number of *projects* intermediated through small-business organizations as dependent variable. These two dependent variables capture distinct elements of the party-organization linkage. While total allocations to these organizations reflect the degree to which the party provides resources for the organization, the number of projects reflects more the frequency of interaction between the party and organization.

Each set of models has three versions. The first model includes only *Vote Margin*, *Ruling Party*, and the interaction terms. The second model adds several control variables, accounting for state-level socio-economic factors (GDP, population, percent poverty), the number of firms, the SIEM rate (a proxy for business chamber coverage in the state), and a dummy variable reflecting whether a gubernatorial election took place during the year in each state. The third model in each set adds year fixed effects to control for variations in federal Fondo PyME outlays over time. It is inappropriate to include state-level fixed effects because vote margin varies considerably more across states than over time within a given state.¹⁸⁰ However, as is standard with panel data, all models report robust standard errors clustered at the state level.

Results of models using all 256 state-years are reported in Table 5. In these models, the PAN is the baseline value for the Ruling Party variable. Given that small-business organizations are core for the PAN, my theory predicts that governors of this party will spend less on these organizations when elections are closely contested because they have a greater need to build linkages with non-core groups, but that when they enjoys larger margins of victory, its governors will reward these core groups in order to consolidate their position in the party base. In line with my prediction, the PAN spends increasingly more on small-business organizations at higher vote margins, reflected in the positive coefficients for the baseline level of Vote Margin in Models 1-3. Coefficients for the interaction terms between Vote Margin and the PRI and PRD levels of Ruling Party are negative and of roughly the same size as the Vote Margin main effect. Hence these findings do not provide conclusive evidence that these parties reward small-business organizations when they face more of an electoral threat, but they do show that PRI and PRD governors respond to electoral competition much differently than PAN governors.

¹⁸⁰ I also ran these same models using random effects, panel-corrected standard errors and generalized estimating equations, alternatives to fixed effects. These specifications returned quite similar coefficient estimates to those shown in Table 6, and associations for Vote Margin, Ruling Party and the interaction terms remain significant at least at the 95 percent level of confidence. See appendix for these specifications of Model 2 from Table 6.

Models 4-6, which employ the Poisson distribution to analyze business-organization mediated projects, provide similar results. The baseline value of Vote Margin is positive and highly significant. The interaction terms for the PRI again are of roughly the same size as the main effect, signifying a null finding for this party. However, the interaction effect for the PRD is much larger than the main effect; where PRD governors do not face an electoral threat, they appear to incorporate small-business organizations in fewer projects, albeit without significantly decreasing the total amount of money allocated to these organizations. All results are robust to the inclusion of control variables and year fixed effects.

Table 5: Correlates of Business Organization-Mediated Spending

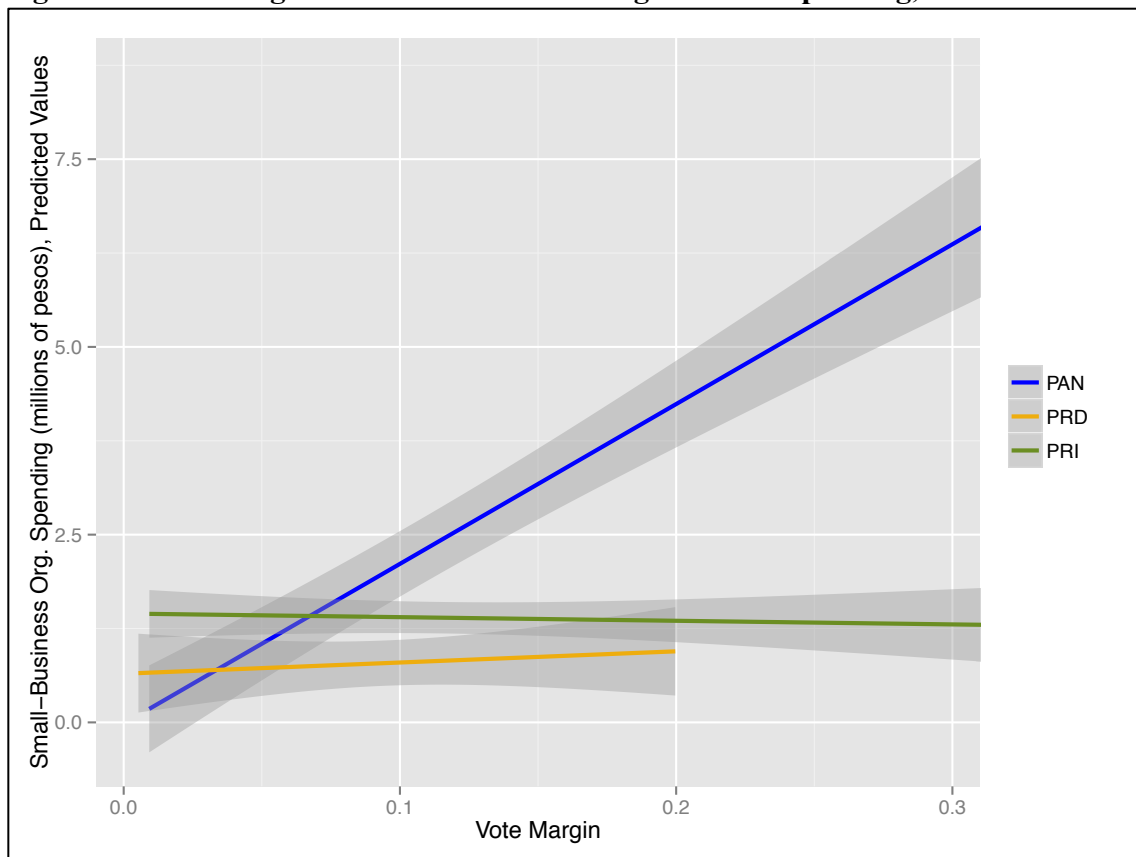
	Business Org. Spending (OLS)			Business Org. Projects (Poisson)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Vote Margin	41.14** (12.71)	39.38** (12.36)	40.60*** (11.50)	4.61*** (1.05)	5.27*** (0.77)	5.31*** (0.76)
Ruling Party (PRI)	3.21** (1.13)	3.52** (1.30)	3.57** (1.19)	0.92** (0.32)	1.12*** (0.19)	1.16*** (0.18)
Ruling Party (PRD)	2.15* (1.00)	2.58 (1.43)	2.63 (1.43)	0.84* (0.36)	1.60*** (0.36)	1.62*** (0.36)
Vote Margin:PRI	-45.30*** (13.10)	-46.64*** (13.04)	-47.80*** (12.32)	-5.16** (1.71)	-6.49*** (1.23)	-6.65*** (1.29)
Vote Margin:PRD	-43.13** (13.38)	-39.04* (15.12)	-41.11* (15.90)	-11.39*** (2.45)	-13.27*** (3.55)	-13.52*** (3.74)
GDP (logged)		0.11 (0.49)	0.10 (0.49)		-0.15 (0.17)	-0.15 (0.17)
Population (logged)		2.03 (1.11)	2.02 (1.10)		0.53* (0.24)	0.55* (0.24)
State Election Year		-1.16* (0.48)	-1.23* (0.48)		-0.25 (0.24)	-0.33 (0.24)
Percent Poverty		-0.03 (0.04)	-0.03 (0.04)		-0.03*** (0.01)	-0.03*** (0.01)
Number of Firms		0.00 (0.00)	0.00 (0.00)		0.00*** (0.00)	0.00*** (0.00)
SIEM Rate		-0.74 (1.38)	-0.67 (1.42)		-1.43** (0.50)	-1.33** (0.49)
(Intercept)	-0.61 (0.91)	-29.31 (15.67)	-31.43* (15.92)	-0.01 (0.29)	-2.79 (2.07)	-2.74 (2.13)
Year Fixed Effects	No	No	Yes	No	No	Yes
R ²	0.13	0.16	0.22			
AIC				1182.76	1090.11	993.93
Num. obs.	256	256	256	256	256	256

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Note: Spending figures reflect millions of Mexican pesos for ease of display. Robust standard errors clustered at the state level.

Figure 6 provides a graphical representation of the relationship between electoral threat and allocations to small-business organizations for states governed by the three parties, controlling for other variables that would be expected to influence the outcome. This figure plots Vote Margin for each state-year against predicted values for each unit from Model 3 in Table 5 for the amount allocated to small-business organizations. Holding these other values at their means, as PAN governors enjoy higher vote margins, they allocate greater shares of subsidies to small-business organizations. For every additional percentage point in Vote Margin, PAN governors are predicted to allocate roughly 350,000 more pesos (about 30,000 USD) to these organizations on a yearly basis. No relationship is detectable between vote margins and allocation to these organizations for the PRI or PRD.

Figure 6: Vote Margin and Small-Business Organization Spending, Predicted Values



Note: $N = 199$. Values on the vertical axis represent predicted values from Model 3 in Table 6. Bands show 95 percent confidence intervals.

Taken together these results provide strong evidence in favor of the core-party logic—the PAN rewards its core small-business organizations when it has a stronger hold on power and offers fewer distributive benefits to these organizations when it faces an electoral threat. I only find very tenuous results for the non-core logic and for only one party—the PRD incorporates small-business organizations in Fondo PyME projects less often when it is winning by large margins. However, I find no significant correlation between electoral threat and small-business

organization mediated spending for PRI-governed states. In the next section, I explore the possibility of a non-linear relationship for the PRI, the party that governed for over half of the state-years under analysis and has the longest history of incorporation of interest organizations.

While the use of state-level fixed effects is inappropriate given that cross-sectional variations in vote margin drive my results, there are still concerns that findings may be misleading due to unobserved variations across states. In order to probe for this threat to inference, I reran Model 2 from Table 6 using three alternatives to fixed effects: random effects, OLS with panel-corrected standard errors (PCSE), and generalized estimating equations (GEE). As shown in Table 6, coefficients are quite stable across these different specifications. Fluctuations in standard errors cause changes in the degree of significance for vote margin and interaction effects using vote margin, but these key independent variables consistently retain significance at the 95 percent confidence level.

Table 6: Sensitivity Analysis Using Alternatives to Fixed Effects

	Random Effects	PCSE	GEE
Vote Margin	39.54*** (7.39)	39.78* (22.66)	39.78*** (12.09)
Ruling Party (PRI)	3.44* (1.39)	3.46* (1.37)	3.46** (1.23)
Ruling Party (PRD)	2.48 (2.11)	2.49* (1.32)	2.49 (1.36)
Vote Margin:PRI	-46.76*** (9.54)	-46.72* (22.70)	-46.72*** (12.75)
Vote Margin:PRD	-39.65* (17.71)	-39.58* (22.89)	-39.58** (14.82)
GDP (logged)	-0.11 (0.86)	0.10 (0.49)	0.10 (0.47)
Population (logged)	2.02 (1.34)	2.02*** (0.44)	2.02 (1.06)
State Election Year	-1.20 (0.95)	-1.21 (0.84)	-1.21** (0.47)
Percent Poverty	-0.03 (0.04)	-0.03 (0.02)	-0.03 (0.04)
Number of Firms	0.00 (0.00)	0.00*** (0.00)	0.00 (0.00)
SIEM Rate	-0.73 (2.36)	-0.71 (1.80)	-0.71 (1.33)
(Intercept)	-29.13 (17.11)	-29.05 (11.54)	-27.36 (16.01)
Num. obs.	256	256	256

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Note: Spending figures reflect millions of Mexican pesos for ease of display.

PRI Dominance

As studies of subnational authoritarianism in Mexico have shown, in states where the PRI retains a stranglehold on elected office, distributive spending operates under a machine-party logic, which likely differs considerably from the logic of distribution in states where opposition parties pose a realistic electoral threat to the PRI (Gibson 2013; Giraudy 2010). I thus conduct additional analysis focusing only on PRI-governed states, including the squared value of Vote Margin in order to capture a potential non-linear relationship (or threshold effect) between vote margin and PRI governments' spending on small-business organizations. The goal of including this variable is to evaluate whether one-party dominance has an impact on distributive decisions. I also include a categorical variable reflecting the challenger party, coded as the party that finished in second place in the immediately prior gubernatorial election. This variable allows me to gauge whether the PRI makes different decisions about the distribution of small-business subsidies when opposed by the PAN—for whom business organizations are a core group—or the PRD—for whom business organizations are also a non-core group.

Table 7: Correlates of Business Organization-Mediated Spending, PRI-Governed States

	Business Org. Spending (OLS)			Business Org. Projects (Poisson)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Vote Margin	29.07 (16.79)	33.09 (18.72)	29.50 (16.54)	-1.06 (5.31)	2.28 (4.25)	3.81 (4.23)
Vote Margin ²	-126.06* (63.07)	-151.49* (74.71)	-136.68* (63.74)	0.74 (17.22)	-12.88 (15.14)	-19.45 (15.27)
Challenger Party (PRD)	-0.89 (0.81)	-0.11 (0.80)	0.03 (0.95)	-0.54 (0.29)	-0.33 (0.31)	-0.36 (0.33)
GDP (logged)		0.32 (0.56)	0.45 (0.54)		-0.15 (0.20)	-0.16 (0.21)
Population (logged)		1.58 (1.10)	1.60 (1.02)		0.53* (0.27)	0.55 (0.28)
State Election Year		-1.23* (0.51)	-1.24 (0.68)		-0.48 (0.26)	-0.42 (0.27)
Percent Poverty		-0.05 (0.05)	-0.06 (0.05)		-0.03** (0.01)	-0.03* (0.01)
Number of Firms		0.00 (0.00)	0.00 (0.00)		0.00** (0.00)	0.00** (0.00)
SIEM Rate		-4.06 (2.56)	-5.59* (2.77)		-1.72* (0.82)	-1.59 (0.84)
(Intercept)	1.70* (0.73)	-23.34 (15.93)	-27.36 (16.01)	1.07*** (0.32)	-1.89 (2.15)	-1.91 (2.50)
Year Fixed Effects	No	No	Yes	No	No	Yes
R ²	0.05	0.13	0.28			
AIC				735.82	671.79	614.87
Num. obs.	143	143	143	143	143	143

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

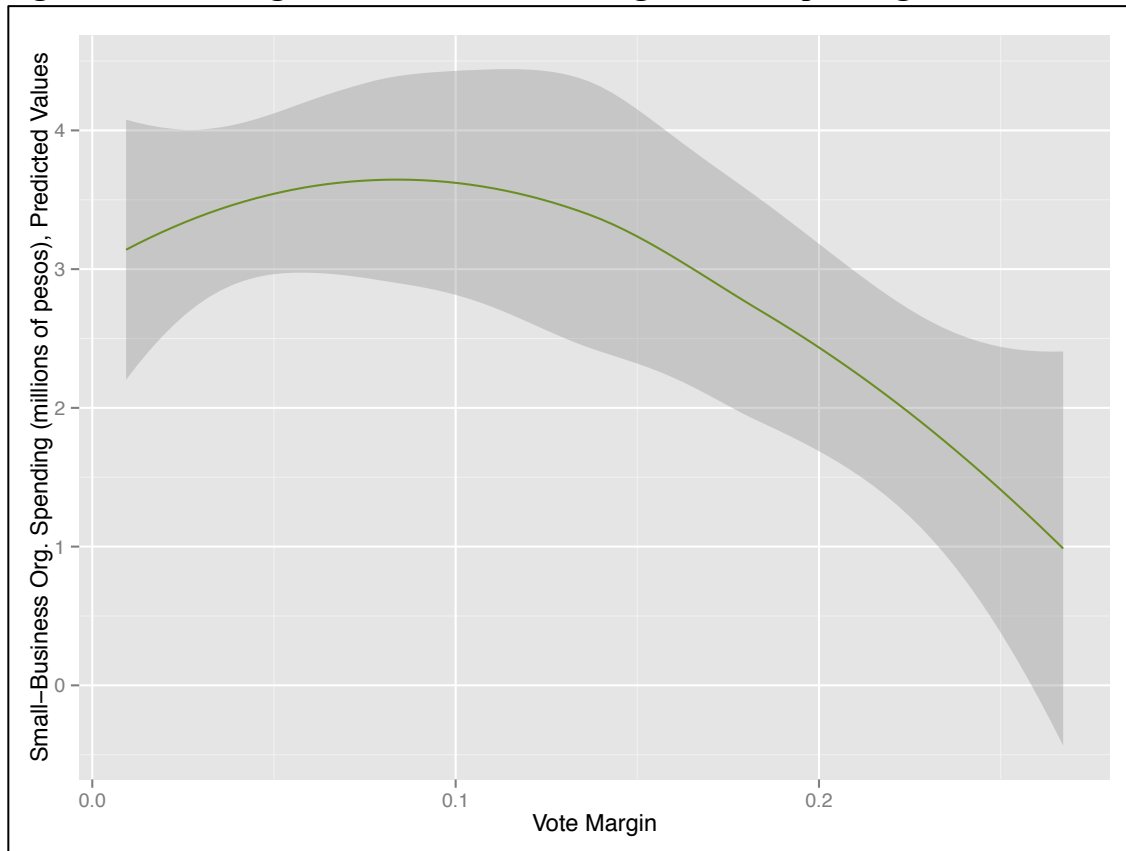
Note: Spending figures reflect millions of Mexican pesos for ease of display. Robust standard errors clustered at the state level. Sample includes all state-years for which the governor belonged to the PRI

As shown in Table 7, these analyses return significant negative estimates for the square of Vote Margin across all specifications with total small-business organization mediated spending as the dependent variable (Models 1-3). I find no significant association for Challenger Party, suggesting that PRI governments base their distributional decisions more on their degree of electoral threat than the type of party that poses the threat. These results are robust to the inclusion of controls and year fixed effects. Poisson models using the number of projects mediated through small-business organizations (Models 4-6) do not yield significant results for vote margin squared, although the sign of the association for this variable is negative and approaches statistical significance at the standard 5 percent level when fixed effects are included.

Figure 7 plots Vote Margin against predicted values of PRI governments' allocations to small-business organizations, while allowing for a non-linear relationship and holding control variables at their means. Results support the notion of a threshold effect in PRI's spending on these organizations. PRI governments slightly *increase* allocations to these organizations with increasing vote margins up to a threshold of roughly 10 percentage points, after which point allocations to small-business organizations decline precipitously. This finding supports the hypothesis that PRI-run state governments allocate a greater share of distributive goods to business organizations—a non-core group—when they perceive that the support of these organizations may increase the PRI's odds of retaining the governorship. Combined with the lack of an association using the continuous vote margin variable in the previous models, these results suggest that PRI governors only feel safe neglecting business organizations when they are dominant.

Interestingly, results regarding organization-mediated spending by both PAN and PRI governors support the argument that spending on non-core interest organizations occurs more under competitive electoral conditions. By holding the constituency constant and varying the party in power, I was able to compare spending mediated through small-business organizations in cases where these organizations constituted a core constituency for the party in power (PAN-governed states) and when they constituted a non-core constituency for the party in power (PRI-governed states). Lower levels of electoral competition are associated with *greater* organization-mediated spending when these organizations belong to the governing party's core constituency (i.e. when the PAN is governing). However when these organizations belong to the ruling party's non-core constituency, we see *less* organization-mediated spending under noncompetitive conditions. This analysis has identified little in the way of significant findings for the PRD, for which small-business organizations may be considered an opposition group, suggesting that party strategies for incorporating opposition organizations are not substantially affected by electoral threat.

Figure 7: Vote Margin and Small-Business Organization Spending, PRI-Governed States



Note: $N = 102$. Values on the vertical axis represent predicted values from Model 3 in Table 7. Band shows 95 percent confidence intervals.

Additional evidence of the formation of party-organization linkages is spending on projects that benefit business organizations directly. This subset of organization-mediated projects includes only those that contribute directly to activities of the organization, such as events organized by a chamber, the establishment of a México Emprende Center, or the funding of new facilities for the business organization. As shown in Table 8, this type of spending largely reinforces what we observed for organization-mediated spending more broadly. PAN administration spending on small-business organizations increases with vote margins, and there is no significant association between vote margins and business-organization spending for PRI and PRD-governed states (Models 1-3). Models 4-6, which show PRI governments' spending and include the squared vote margin term do not return any significant results, although the sign is negative, as hypothesized.

Table 8: Correlates of Business Organization Projects Spending, Total and PRI-Governed States

	Business Org. Projects Spending			Business Org. Projects Spending (PRI)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Vote Margin	35.90*** (10.67)	35.23*** (9.73)	35.66*** (9.24)	9.84 (9.10)	9.32 (8.70)	7.15 (8.55)
Ruling Party (PRI)	2.01* (0.82)	1.94* (0.78)	2.02* (0.81)			
Ruling Party (PRD)	2.54** (0.83)	2.27** (0.77)	2.41** (0.80)			
Vote Margin:PRI	-37.30*** (10.72)	-36.81*** (9.65)	-37.51*** (9.38)			
Vote Margin:PRD	-43.39*** (10.84)	-41.86*** (9.73)	-43.39*** (9.48)			
Vote Margin ²				-43.81 (33.49)	-38.01 (30.34)	-29.33 (29.27)
Challenger Party (PRD)				-0.39 (0.25)	-0.57* (0.28)	-0.56 (0.29)
GDP (logged)		0.52** (0.19)	0.53** (0.19)		0.40** (0.15)	0.43** (0.15)
Population (logged)		-0.12 (0.38)	-0.13 (0.37)		-0.27 (0.30)	-0.28 (0.30)
State Election Year		-0.62*** (0.16)	-0.48 (0.26)		-0.57*** (0.17)	-0.52* (0.25)
Percent Poverty		0.03** (0.01)	0.03** (0.01)		0.03*** (0.01)	0.03*** (0.01)
Number of Firms		0.00 (0.00)	0.00 (0.00)		0.00 (0.00)	0.00 (0.00)
SIEM Rate		1.15 (0.86)	1.16 (0.86)		-0.12 (0.75)	-0.30 (0.83)
(Intercept)	-1.35 (0.80)	-11.29 (6.35)	-12.26 (6.60)	0.39 (0.34)	-4.81 (3.82)	-5.47 (3.57)
Year Fixed Effects	No	No	Yes	No	No	Yes
R ²	0.16	0.17	0.20	0.04	0.15	0.20
Num. obs.	256	256	256	143	143	143

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Note: Spending figures reflect millions of Mexican pesos for ease of display. Robust standard errors clustered at the state level.

V. Case Studies

Statistical results have revealed contrasting associations between electoral competition and organization-mediated spending for PAN- and PRI-governed states. In this section, I conduct a qualitative analysis of Fondo PyME projects to illustrate how governments belonging to these parties use small-business subsidies to strengthen ties to organized business or to serve other electoral objectives. I conduct case studies of four Mexican states, analyzing the individual

projects for each of these state governments during the period from 2004 to 2011. The four states all rank among the top ten states in terms of GDP, number of firms, and Fondo PyME spending over this period. Two are governed by the PAN (for whom small-business organizations are a core group) and two by the PRI (for whom small-business organizations are non-core) and both pairs are chosen to reflect variation in electoral threat to the ruling party: one state where there PAN governed without a significant electoral threat (Guanajuato), one where the PAN governed under the specter of threat from the PRI (Jalisco), one where the PRI dominated electorally (Estado de México) and one where the PRI faced a significant electoral threat, and in fact lost the governorship to the PAN in 2010 (Puebla). The secure PAN government and the PRI under threat used this project to strengthen ties to small-business organizations, in line with their electoral objectives: consolidating ties to its base for the PAN and broadening its constituency for the PRI. In contrast, the PAN administration under threat and the dominant PRI administration neglected small-business associations, instead concentrating resources in infrastructure projects for small-businesses (Jalisco) and inducements for large businesses, with the aim of generating employment (Estado de México).

PAN States: Guanajuato and Jalisco

Guanajuato is the national stronghold for the PAN, which wrested control of this state from the PRI in 1995 and won the two subsequent gubernatorial elections by margins exceeding twenty percentage points. With a firm hold on power, PAN administrations have been free to allocate distributive benefits to reward their allies. Fondo PyME spending in this state demonstrates a strong allegiance between the state government and organized business. Small-business organizations were IO's for 33 of the 159 projects from 2004-2011, representing 14 percent of Fondo PyME spending in the state. Ties with the PAN government have been particularly strong in the Guanajuato textile and leather industries, which played an important role in this party's founding in 1939. From 2004 to 2011, the Guanajuato government funded 29 projects for which the Chamber of the Footwear Industry of the State of Guanajuato (Cámara de la Industria del Calzado del Estado de Guanajuato, CICEG) was IO, totaling approximately 120 million pesos (about 10 million US dollars). In most years, CICEG participated in several Fondo PyME projects, which funded conventions, advertising campaigns, and consulting services for footwear manufacturers. The Guanajuato footwear industry has historically been a core group for the PAN and CICEG has a high degree of organizational overlap with the PAN. For example, José Abugaber Andonie, former president of CICEG, and current president of the Business Coordinating Council of Guanajuato (Consejo Coordinador Empresarial de Guanajuato), an umbrella organization for all business organizations in the state, is the brother-in-law of the PAN's 2012 candidate for mayor of León, Guanajuato's largest city. The state PAN committee offered Abugaber a federal congressional candidacy in the same year.¹⁸¹

Jalisco has historically been another PAN electoral base; as in Guanajuato, the PAN displaced the PRI in this state in 1995 and won the two subsequent gubernatorial elections. However, the PAN's hold on power in Jalisco has not been as secure as in its neighbor to the east. The PAN candidates' margins of victory over the PRI were less than five percent in the 2000 and 2006 elections and the PRI reclaimed the state in the 2012 election. With a tenuous hold on power, PAN governors in Jalisco have opted to use distributive programs to broaden

¹⁸¹ "En los zapatos del liderazgo," *El Economista*, April 25, 2012.

their electoral base. While small-business organizations in Jalisco are certainly a core constituency for the PAN, these ties have not yielded distributive benefits for these organizations. From 2004 to 2011, small-business organizations were IO for only three projects, totaling less than five million pesos (about 400,000 US dollars)—less than one percent of total Fondo PyME spending in the state. Instead, 153 of the 157 total Fondo PyME projects in Jalisco had government agencies as IO. 329 million pesos (sixty-eight percent of all spending in Jalisco) was concentrated into five large infrastructure projects, including an industrial park, a research institute, and a small-business incubator, highly visible projects designed to reach a large number of business owners.¹⁸²

PRI States: Estado de México and Puebla

Estado de México is a notable case of PRI dominance—it is one of the nine states where the PRI has never lost a gubernatorial election, and this party has won the last two gubernatorial elections (2005 and 2011) by margins greater than 20 percentage points. This secure hold on power has permitted PRI governors to avoid interaction with organizations that fall outside their core organizational infrastructure. As a result, small-business organizations have been largely shut out of Fondo PyME benefits, as these groups are not closely aligned with the dominant party. From 2004 to 2011, the state government allocated only six projects to small-business organizations, totaling 6.3 million pesos (about 500,000 US dollars), approximately 0.5 percent of all Fondo PyME spending. Ninety-one percent of Fondo PyME spending in Mexico State, over one billion pesos (about 80 million US dollars), was granted to Ford Motor Company as an inducement to situate a factory in the state in 2006.¹⁸³ Of the 63 remaining projects in this state, 30 were mediated by government agencies, most commonly the Estado de México Institute for the Entrepreneur (Instituto Mexiquense del Emprendedor). The most prominent of these projects were the construction of a technology park and several projects funding consultancy services for small businesses.¹⁸⁴

Finally, Puebla offers a case of a state where the PRI faced an electoral threat from the PAN during this period. The former dominant party governed this state continuously until 2010, when it was finally defeated by PAN Senator Rafael Moreno Valle. While the PRI enjoyed a 14 percentage point margin of victory in the 2004 gubernatorial race, this party was losing ground in the capital city, which concentrates 30 percent of the state population and half of its GDP,¹⁸⁵ and where the PAN won mayoral elections in 1996 and 2002. The PRI government in Puebla, facing a significant electoral threat from the pro-business PAN, involved small-business organizations frequently in Fondo PyME projects. These organizations were IO for 22 projects over the eight-year period, totaling 50 million pesos (about four million dollars), 23 percent of total spending in this state. The most common recipients were the Puebla affiliates of CONCANACO, CANACINTRA, and COPARMEX, all based in the capital city, which each received between 12

¹⁸² “Jalisco va por el centro de innovación, diseño y desarrollo industrial,” *El Informador*, March 14, 2012; “Jalisco es innovador,” *El Empresario.mx*, August 15, 2011; “Destacan apoyos en economía,” *Reforma*, November 27, 2012.

¹⁸³ “Secretaría de Economía entrega recursos públicos a transnacionales,” *Fortuna*, September 15, 2008. Obviously, Ford does not classify as a small business. Fondo PyME includes a category of projects for “tractor” businesses—large firms whose activities are expected to generate economic activity for smaller firms that provide complementary services. Oddly, the administrators of this project did not classify it under the tractor category, but rather as a benefit for micro-enterprises.

¹⁸⁴ “Inauguran ‘Tecnopolo Esmeralda Bicentenario’,” *Heraldo Estado de México*, January 24, 2013.

¹⁸⁵ Source: Sistema Nacional de Información Municipal. <http://www.snim.rami.gob.mx/>

and 23 million pesos. The largest of these projects was the construction of a meat-processing plant, intermediated by CANACINTRA, which received eight million pesos of Fondo PyME funding. Also, between 2008 and 2011 the Puebla Chamber of Commerce received yearly projects ranging from 2.4 to 4.9 million pesos to fund a week-long promotional and networking event for small businesses, Puebla Region PyME Week (Semana Regional PyME Puebla).

These case studies have laid out two cases where state governments regularly integrated small-business organizations in Fondo PyME spending: Guanajuato, where the PAN was dominant and Puebla, where the PRI governed under threat. Notably, benefits in Guanajuato were concentrated in a single key ally: the Footwear Chamber; the PAN's dominance allowed it to reward its closest allies rather than spreading benefits efficiently in order to maximize electoral returns. The Puebla government collaborated with a broad swath of small-business organizations on a yearly basis, perhaps in an attempt to retain the party's organizational allies in the small-business community. On the other hand, small-business organizations were largely shut out of Fondo PyME spending in the other two cases: Jalisco, where the PAN governed under threat and Estado de México, where the PRI was electorally dominant. We also saw different spending priorities in these two cases. The Jalisco government appeared to prioritize visible infrastructure projects that generated ongoing benefits for small-business owners in the state, but reached outside its traditional support base of small-business organizations, whose programmatic ties with the party were quite secure. In contrast, the bulk of funds spent in Estado de México went to Ford Motors as an inducement to build a factory in this state. It appears that the dominant PRI government in this state felt secure in ignoring small businesses altogether, and instead used these benefits to attract a large business that promised to generate employment.

VI. Conclusion

In this chapter, I tested the component of my argument concerning state strategies for incorporating interest organizations into distributive politics. In this way, I link my study to a broader literature of distributive politics and party linkages. It has gone long acknowledged that political parties often depend on collective social actors, such as labor unions, peasant associations, and business groups for electoral resources. These types of organizations contribute both to parties' short-term goals—mobilizing voters, distributing patronage benefits, organizing rallies—and long-term goals—recruiting and socializing members of society to support the party, grooming candidates for elected office and ministry posts, participating in policy design and implementation. Forming linkages with these organizations based on the exchange of distributive benefits for electoral support may be a particularly efficient way for ruling politicians to achieve their electoral objectives. However, the literature on distributive politics has largely ignored these groups, focusing instead on allocations of distributive benefits to individual voters.

This chapter tested the argument that the relationship of an organization to the ruling party's electoral base (core versus non-core constituency), and the degree of electoral threat shape ruling parties' preferences for incorporating interest organizations in distributive spending. I developed a novel subnational comparative approach, exploiting both cross-state and over-time variation in the party in power and the level of electoral competition to gauge how these factors influenced the distribution of a small-business subsidy program in Mexico. This analysis

supported the argument that a governing party seeks to incorporate interest organizations belonging to its core constituency in distributive programs when it enjoys a significant electoral advantage, and that a party will allocate more benefits to organizations in its non-core constituency when elections are closely contested. Thus, as the right-wing PAN's hold on power becomes more secure, it tends to include small-business organizations, which belong to its core constituency, in projects designed to benefit this sector. Conversely, when the centrist PRI establishes electoral dominance, it channels fewer rewards to these organizations, instead allocating those rewards directly to business owners that are central to the PRI's electoral base or funding large infrastructure projects to increase employment. The PRD provided partial results. As this party's vote margins increased, it engaged small-business organizations in fewer projects—suggesting a more distant relationship—but the total amount of spending on small-business mediated projects is not associated with vote margins. This lack of a clear finding is perhaps due to the fact that the PRD is unlikely to woo business organizations as electoral allies given conflicting programmatic goals, as described in the case of Michoacán in the previous chapter.

Surprisingly, case study evidence suggests that the context most conducive to productive involvement of interest organizations in development programs may be when the party governing is not an ally of these groups, but rather a non-natural ally facing an electoral threat. Under such a situation, the ruling party has an incentive to incorporate organizations in this non-core sector in policymaking and implementation, therein building relationships with these groups whose support may be pivotal in an upcoming election. In contrast, when the ruling party is a natural ally, it is prone to offer special privileges to the organization or it may take the organization's support for granted, instead reaching out to non-core groups. And when a non-ally governs without electoral threat, it may neglect the organization entirely.

A future extension of this analysis will explore whether a similar logic underlies the distribution of programs that are designed to benefit constituencies that belong to the left-wing PRD's core constituency, namely dissident peasant associations. If my theory travels, we would expect PRD governors to reward these organizations when its hold on power is strong, but for PRI governors to reward non-core interest organizations in these sectors when it faces an electoral threat. At the core of this question is whether distributive benefits would be similarly effective at building electoral linkages with these popular-class groups as with middle-class small-business organizations. We may expect that such distributive linkages would be more easily formed in these other cases, and that the types of business organizations that I have analyzed here would constitute a particularly difficult case, given that these organizations are publicly non-partisan and made up of middle-class members whose political participation is thought to be less swayed by government handouts than the lower classes. On the other hand, as discussed in Chapter 3, PRD governments under threat may find it more difficult to deviate distributive benefits away from its popular-sector allies who find themselves in the patronage trap and are thus unwilling to forgo distributive benefits in the short term for the better of the party ally.

Conclusion

I. Overview

This study has analyzed interest organization participation in economic policy in post-transition Mexico. Despite the recent focus in the literature on representation of individual citizens—either through party linkages or participatory institutions—I have placed the focus on the organizations that exist to represent the collective interests of small-scale farmers and small-business owners. My goal was to analyze the factors that lead some of these organizations to lend voice to the sectors that they represent in the programmatic policies that shape sectoral competitiveness, others to focus their efforts on extracting distributive benefits from the state, and other to be excluded from policymaking processes entirely. While existing research stresses the effect of poverty on demand for patronage, I identify two factors—*membership conditions* and *electoral competition*—that can supersede class pressures, permitting organizations to evade clientelistic linkages with political parties and garner effective policy voice.

First, regarding membership conditions, the ability of organizations to independently recruit, retain, and mobilize members frees organizations from pressure to enter into dependent linkages with political parties. While such linkages offer particularistic benefits that organization leaders can repurpose as selective benefits to spur collective action, they route organizations into *the patronage trap*, a self-reproducing cycle in which organizations become specialized for distributive demand making. These linkages convert leaders into electoral brokers and force organizations to forgo protest, lobbying, and other forms of political participation in favor of electoral mobilization, making them ill suited for programmatic demand making. I developed this argument using case studies of economic interest organizations in both the small-scale agriculture and small-business sectors. Survey analysis of organizations in all Mexican states confirmed that independent resource flows and the capacity to generate selective benefits—indicators of autonomous membership capacity—are positively associated with organizations' breadth of mobilization strategies and ability to levy programmatic policy demands.

Second, I showed that the dynamics of electoral competition help explain the degree to which ruling politicians grant organizations access to the programmatic and distributive policymaking arenas. In the presence of electoral competition, interest organizations can credibly threaten to support an opposition party if the ruling party fails to respond to their policy demands. Thus, electoral competition has two effects on organizational participation: First, it affords core organizations leverage to pressure politicians for access to the exclusive programmatic policy arena, when state actors generally prefer to limit organizational participation to the distributive arena. Second, competition incentivizes ruling parties to incorporate organizations from their non-core constituencies into policymaking. I built this theory through case studies of state governments under the control of three different political parties with different relationships to peasant and small-business organizations. I then tested the argument in the distributive realm with an analysis of distribution data for state-level small-business subsidies across all 32 Mexican states, allowing me to exploit subnational variation in ruling parties and electoral competition.

There are important differences between the two sectors that I analyze, which explain why programmatic engagement is much more prevalent in the small-business sector than in the

small-scale agricultural sector. First, corporatist benefits have remained more intact for business chambers than for peasant confederations, as institutional policies guarantee the former a steady flow of resources and entrée to recruiting members. Second, the membership base for middle-class business organizations is more prone to be politically engaged and less driven by the promise of state handouts than the precarious popular-sector base of peasant organizations. Despite these key differences, the factors that I lay out—membership conditions and electoral competition—are important determinants of policy participation for organizations in both sectors. In the next sections, I summarize my findings for each of these sectors, showing how the key variables take hold in the three state cases under study.

Small-Scale Agriculture

As previous scholars have noted, the small-scale agricultural sector in Mexico is vulnerable to demobilization and cooptation into clientelistic ties with the state (Fox 1994; Kurtz 2004). However structures of rural interest representation were not always this way. In the 1930s, the Cárdenas administration incorporated the National Peasant Confederation (Confederación Nacional Campesina, CNC) into the ruling party, granting this body privileged access to power and a formal role in the land reform process. In the subsequent decades, however, peasants took a backseat to the labor and popular sectors and were confronted with an agricultural policy geared more to producing cheap food for the growing urban population than to constructing a sustainable and internationally competitive smallholder production system. The neoliberal transition brought with it a restructuring of Mexico's land-tenure system and the onset of agricultural imports, changes that increased the precariousness of the peasantry while also removing the central service that the CNC had offered the rural poor—access to land. As a response, the CNC and dissident rural organizations that emerged in the late twentieth century became specialized in the process of *gestión*, brokering government handouts, as a recruitment strategy.

These organizations often encounter significant challenges to levying programmatic demands on the state. While both the CNC and the bevy of dissident groups—CCC, ANEC, FPFV, El Barzón, UNORCA—have participated sporadically in large-scale protests demanding such far-reaching reforms as the suspension of the agricultural section of NAFTA and a return to state price supports for grain farmers, the *modus operandi* for most of these organizations is to extract handouts from the state to deliver to members. A membership base highly motivated by the promise of state handouts, combined with challenges to offer desirable-enough services to serve as selective benefits, force many of these organizations to limit their demands to the distributive policy arena in pursuit of subsidies and other economic benefits that the organization leader can allocate selectively to recruit, retain, and mobilize members. Those few organizations that escape this narrow distributive focus and regularly devote attention and resources to influencing programmatic policies do so by creating their own selective benefits—systems for increasing the economic potential of their members, such as cooperatives and training in production techniques to produce higher-value crops or to increase yields.

The distributive focus of the overwhelming majority of peasant organizations shapes the ways in which state governments can incorporate them into policymaking. Where the PRI rules, the inability (or disinterest) of these organizations to pursue transformative programmatic policies plays into the electoral strategy of deploying these groups as rural clientelist networks while pursuing a rural development model that favors large-scale producers. However, PRD

governments, whose rural development platform aligns with smallholder interests, are disadvantaged by the distributive orientation of dissident peasant organizations. As I show in the case of Michoacán, the new PRD government was eager to integrate these organizations into programmatic channels, as this would have retained these core organizations in the fold even while the ruling party deviated distributive benefits to non-core populations and public goods to appeal to the broader electorate. However, the narrow pursuit of distributive handouts instead led many of these organizations to form patronage-based linkages with the PRD, wherein they limit their political participation to electoral mobilization on behalf of PRD candidates, expecting privileged access to discretionary agricultural subsidies and social programs in exchange. This pattern took on a self-reproducing character—closing “the patronage trap” as the organization leaders became coopted by the party, acting more as electoral brokers than representatives of the base; and the organizations attained a reputation in their rural communities and in the government as intermediaries for state handouts.

Small Business

In contrast to the peasant sector, programmatic participation—typically in combination with distributive participation—is the norm for small-business organizations in Mexico. As noted, there are two factors that bode in favor of such participation. First, these organizations benefit from state policies that secure a constant flow of resources and aid recruitment. While firms in Mexico are no longer subject to mandatory membership requirements for business chambers, they are still compelled to enroll in a database of firms, managed by chambers, and to pay a corresponding fee. The recruitment process for this database offers chambers an entrée to approach all firms in their jurisdiction as well as a constant source of funds. In addition, the Fox administration adopted small-business support programs that institutionalized the mediation role of business chambers and Coparmex affiliates—very much in contrast to reforms in the agricultural sector that *removed* the CNC and other rural organizations from the process of mediating benefits and providing state-subsidized services. The second advantage for these organizations in policymaking is that their membership base is principally composed of a middle-class population, small-business owners, who are more amenable to participating in an organization that does not deliver immediate economic handouts. Thus, business organizations more often—but not universally—are positioned to engage in programmatic policymaking.

Many business organizations are highly institutionalized in their communities. They recruit and retain members by offering valued services—training, consulting, and participation in conventions, which may or may not be subsidized by government programs. With a large membership base and an important degree of structural power, these organizations dedicate energy to influencing local policy in a way that bolsters the competitiveness of small business. For instance, chambers of commerce advocate for enforcement of restrictions against piracy and informal commerce; chambers of industry push the state to build high-tech clusters that attract foreign corporations and provide space for local industry to deliver complementary goods; and COPARMEX delegations get involved in election monitoring and government transparency campaigns. Key exceptions exist—and membership conditions certainly hold sway in business organizations’ ability to engage in programmatic demand making. Thus there are several business organizations—often in smaller cities—that have not developed models for providing services to local business. Instead, many of these organizations allocate the greatest share of their resources to SIEM recruitment, as they depend on this institution for financial resources and

membership. These are the same organizations that typically have little voice in local economic policy and instead leverage the little access they have with state policymakers to pursue subsidy programs.

State incorporation of business organizations in economic policy varies widely based on the party in power and its electoral goals. While business organizations are formally non-partisan and refrain from overtly supporting any party in campaigns, they are programmatically aligned with the PAN and leaders of CANACO, CANACINTRA, and COPARMEX are often recruited by this party for elected office and cabinet positions. PAN governments that face an electoral threat—which is the overwhelming majority, save in Guanajuato—are aided by the programmatic orientation of their core organizational allies. These governments incorporate business organizations into programmatic processes and the organizations continually favor the PAN, even as it deviates distributive benefits to public goods spending and handouts for non-core groups in the interest of winning elections. PRI governments exhibit the opposite behavior. Typically uninterested in incorporating small-business organizations in programmatic policymaking—owing to their close ties with competing corporate interests—the PRI when dominant tends to exclude these organizations from both policy arenas. However, when the PRI faces an electoral threat, and particularly when this threat comes from the PAN, it reaches out to small-business organizations through the allocation of distributive benefits to stave off their deviation to the opposition party.

II. The Return of the PRI

I have argued that the onset of multi-party competition in Mexico constituted a critical juncture, during which relationships between state-level ruling parties and interest organizations were realigned, setting these organizations on distinct paths, characterized by mutually reinforcing relationships between organizational demand-making, state incorporation strategies, and policy participation. During my field research, the previously dominant party made an electoral comeback, reclaiming the presidency as well as the governorship in the two states that were cases of opposition party ascendance—Jalisco and Michoacán. It is certainly not the case that these victories represent a return to one-party dominance—in fact the PRD reclaimed the Michoacán governorship in the June 2015 election and as of this writing the PRI appears to be backsliding in Jalisco, having lost a number of key municipalities to Movimiento Ciudadano, an upstart left-wing party. Nonetheless, the return of the PRI has certainly modified the political landscape in a way that calls into question whether the dynamics that I diagnose will persist in Mexico.

One question is whether the returning PRI follows the opposition party logic or retakes the mantle of the dominant party logic. The former would imply that the PRI seeks to consolidate programmatic ties to core groups while reaching out to non-core groups with distributive promises. The latter would suggest that the reinvigorated PRI continues to concentrate distributive benefits in core sectoral organizations, while excluding non-core groups. If the latter is the case, the dearth of avenues for programmatic participation may lead many organizations to focus their energies on the distributive policy arena. Consolidated business organizations—particularly COPARMEX—are unlikely to suffer this fate, as they weathered decades of PRI rule without abandoning their programmatic stance. However, the glimmers of autonomous peasant

activity that could be observed during the transition period may find it difficult to avoid the temptation of forming patronage ties with the PRI. For instance, peasant interest representation in Michoacán took a severe blow when the PRI returned in this state. A rift in the Peasant Consultative Council (COCOCAM) emerged because several organizations that had previously supported the PRD—a programmatic ally—entered into clientelistic alliances with the PRI.

A second concern regards whether interest organizations will be as willing to throw their support behind the PAN or PRD, which left office in a context of low popularity and the perceived efficaciousness of the PRI. In Michoacán, the peasant organizations that jumped to the PRI in 2012 may find it difficult to jump back to the PRD now that this party is back in office. In Jalisco the business community had been one of the most important actors in the PAN's 1995 conquest of the governorship, but there are few signs that these same organizations are acting on behalf of the PAN in electoral politics today. As occurred in many states, the PAN's 2012 loss of the Jalisco governorship was attributed to poor governance, and the PAN has done little to improve its image amidst public squabbling between its factions. In Guadalajara's 2015 mayoral race, the PAN candidate came in a distant third place with less than 10 percent of the vote, and the business community celebrated the victory of a popular politician running with a minor left-wing party.

Nationally, both the PAN and the PRD appear to be reeling, perhaps because of discontent over their acquiescence to Peña Nieto's structural reforms or because of infighting that has given an impression of the once-again opposition parties as dysfunctional. The PRI's approval rating has dipped below 30 percent following highly public corruption scandals involving the president's family and nationwide protests following the disappearance of 43 students in the southern state of Guerrero, apparently at the hand of government agents. Nonetheless, in the 2015 election, the president's party retained leadership of majority coalitions in both houses of congress and prevailed in five out of nine gubernatorial elections. Time will tell whether the two great opposition parties that were standard bearers for the left and right in Mexico's democratic transition 15 years ago will be the same actors to bring down the PRI again and whether they will have the support of autonomous interest organizations in doing so.

III. Evaluating the Generalizability of the Argument

It is important to consider whether the factors that explain business and agricultural organizations' participation in Mexico extend to other contexts. In this section I first consider extensions to indigenous organizations in Mexico. This case allows me to observe how the variables of membership conditions and electoral threat travel to interest representation for organizations that do not necessarily represent economic interests, but rather ethnic identity groups. I then discuss the generalizability of my findings to non-elite interest organizations in other Latin American countries that vary in their party systems and histories of interest representation.

Indigenous Organizations in Mexico

Like union laborers and *peasants*, Mexico's indigenous communities were incorporated into the ruling party in the post-Revolutionary period, but not through an official sectoral organization. Rather, they were courted and integrated into state patronage networks through the

National Indigenous Institute (Instituto Nacional Indigenista, INI), an agency charged with aiding in the development of indigenous communities (Rus 1994). Thus, the indigenous were subordinated within the PRI to an even greater degree than the peasant sector, and lacked organizational structures through which to bargain with the state for the greater part of the twentieth century. Indigenous mobilizations finally materialized in the 1970s alongside other peasant movements, and the indigenous became the protagonists of rural unrest in the context of the 1994 Zapatista rebellion in the southern state of Chiapas (Harvey 1998; Mattiace 2003). While large swaths of indigenous communities have continued to be incorporated into the PRI, particularly in the state of Oaxaca (Benton 2012; Cleary 2009; Eisenstadt 2007), many prominent indigenous organizations are non-partisan or have formed electoral alliances with the PRD, particularly in the neighboring state of Chiapas (Burguete Cal y Mayor 2007; Meng and Palmer-Rubin 2014).

While indigenous movements contrast with *mestizo* peasant organizations in discourse and oftentimes in the content of their demands, they confront a very similar challenge in the context of state engagement. Ostensibly autonomous organizations such as ARIC, CIOAC, and UNORCA quite commonly enter into partisan linkages that bestow party posts and elected office on their leaders and access to distributive benefits that the leader allocates selectively to members. Finding themselves in the patronage trap, these organizations abandon transformative goals such as indigenous self-government and the restitution of traditional lands. The few success cases of sustainable programmatic (or transformative) indigenous organizations sustain their membership by offering valued benefits to members, such as help in resolving land disputes, education, or the provision of community justice.

Electoral threats to the ruling party also appear to modify ruling parties' strategies for incorporating indigenous organizations in policymaking. Indigenous organizations began to gain a foothold in national politics in the 1990s, as the PRI was confronted electorally by the PRD in the southern states with large indigenous populations. Thus in the state of Oaxaca, the PRI granted indigenous organizations greater authority in the party through *usos y costumbres* reforms (Benton 2012). After assuming the Chiapas governorship in 2000, the PRD formed linkages with indigenous organizations—reinvigorated in the 1994 Zapatista movement—channeling patronage benefits through these organizations (Meng and Palmer-Rubin 2014).

Beyond Mexico: Party Organization Linkages Elsewhere in Latin America

In Latin America, Mexico is distinctive for a history of one-party dominance with the corporatist incorporation of economic interests and the persistence of the corporatist party in a contemporary scenario with stable two or three party competition. This somewhat unique trajectory has repercussions both for organizational and party strategies. Regarding the former, we see a persistence of corporatist organizations, such as the CNC, CONCANACO, and CANACINTRA, which now operate in a more pluralistic interest arena wherein they must devote greater energy to recruitment and compete with newer organizations. Both the formerly corporatist organizations and their dissident offshoots have inherited demand-making repertoires centered on party linkage, and autonomous strategies require innovation and discipline. Regarding the party system, two of the major parties—the once-dominant PRI and the internally mobilized PRD—also count on institutionalized practices of coopting organized interests through patronage politics. Furthermore, unlike other Latin American countries that are notable for highly fragmented and volatile party systems, the democratic transition in Mexico ushered in a

period of stable three-party competition, which in most subnational races breaks down to two-party competition between the centrist PRI and the left-wing PRD or right-wing PAN.

If Brazil was once notable for a fragmented party system, today the Workers' Party (PT) is a stable party on the left with a practice of building alliances with both urban and rural interest organizations. Prior to the institutionalization of the PT, however, party strategies for courting organizational support were quite different. In Mexico, I have described party linkage strategies based on whether the governing party faces an electoral threat and thus is principally concerned with the short-term goal of winning an upcoming election or the long-term goal of consolidating its hold on power. In contrast, in Brazil's volatile party system, parties took a short-term approach to organizational linkages.¹⁸⁶ Given that these short-term linkages are conducive to patronage politics, they undermined programmatic interest representation in a diametrically opposed way to Mexico's highly stable cooptative system. The PT has disrupted this pattern by forming and maintaining organic linkages with labor movements and peasant organizations. However, as in Mexico, these ties are vulnerable to patronage, and as scholars of the Brazilian landless movement have shown, the degree of organizational participation in programmatic policies depends at least in part on the organization's autonomous mobilization capacity and ability to offer selective benefits—in this case land—to its members (Ondetti 2008; Tarlau 2013).

Brazil also offers an interesting comparative contrast in terms of business collective action. Historically suffering trenchant obstacles to collective action—and lacking the types of corporatist state supports that peak-level Mexican business confederations received—Brazilian business organizations have struggled to aggregate the interests of local business and present clear programmatic demands to the state. Schneider (1997) attributes these failings to Brazil's mode of state corporatism, which prohibited peak-level or multi-sectoral confederations and encouraged negotiations with individual business owners over sectoral bargaining. This mode of personalized lobbying has been exacerbated by the fragmented party system—particularly on the right—which precludes the formation of long-term linkages between business organizations and like-minded parties and therefore withdraws incentives for politicians to incorporate business organizations in programmatic policymaking. In sum, the case of Brazil provides some evidence in favor of my argument—participation in programmatic policymaking is bolstered by a strong organization capable of mobilizing autonomously and a strong party ally, interested in forming long-term linkages.

More broadly in Latin America, scholars have found that organizations that pursue programmatic policy influence or transformative social change are more successful when they offer selective benefits to members that keep them active in the short term. In a study of organizations of the unemployed and informal sector workers in Buenos Aires, Garay (2007) shows that workfare programs that operated through base-level organizations provided key selective incentives that these organizations used to recruit members and mobilize them in protests. In this surprising success case, the organizations formed linkages with the left-wing Peronist Party (Partido Justicialista, PJ), which yielded electoral nominations for the organization leader and attention to the programmatic demands of the movement. Follow-up research would be required to verify whether these linkage have remained conduits for programmatic influence

¹⁸⁶ Gay (1999) depicts the consequences of party system volatility through his depiction of a Brazilian squatter settlement leader bargaining with multiple party leaders in repeated elections for local public goods, offering the neighbors' votes in return.

of this marginalized sector of if, as happens so often when popular-sector organizations venture into electoral politics, leaders have been converted into Peronist brokers, abandoning their original demands in favor of party politics. In another study of urban activism in Latin America, Dosh (2009) demonstrates that many urban popular organizations in Ecuador and Peru demobilize after achieving their core objective—the granting of land. Once participants receive their individual land parcels, they have less interest in contributing to the organization, which no longer has selective incentives to offer. Dosh observes, however, that a handful of these organizations remained active in their communities not through the provision of useful services, but rather by sustaining a “nonmaterial and altruistic agenda,” wherein participants are encouraged to use the organization to deliver benefits to others. It is unclear whether this strategy would work equally as well for the economic interest organizations that are the focus of this study given that they typically draw together larger numbers of producers concerned less about community development than the cold reality of economic competitiveness or survival.

IV. Making Participation Work: Institutional and Organizational Strategies

In the past two decades, the international development industry has reached something approaching a consensus around the idea that the beneficiaries of government development programs have an important role to play in these programs’ design, implementation, and oversight. The World Bank’s 2004 World Development Report on service delivery for the poor summed up the purported benefits of stakeholder participation thusly:

Empowering poor citizens by increasing their influence in policymaking and aligning their interests with those of the non-poor can hold politicians more accountable for universal service delivery...Non-governmental and civil society organizations can help to amplify the voices of the poor, coordinate coalitions to overcome their collective action problems, mediate on their behalf through redress mechanisms, and demand greater service accountability (2003, 78–79).

The 21st century fascination with civil society engagement is something of a backlash against the rise of technocracy that accompanied neoliberal economic transitions. Ironically, this charge has been led by some of the same organizations that championed the rein of experts in policymaking in the first place. As Centeno and Silva (1998, 5) describe, the technocratic revolution of the 1980s and 90s was predicated on the “faith in the possibility of an optimal solution which all sectors must accept for the greater good” and the belief that “solutions are not the result of a balance of power between various interests and classes, but are determined through the application of relevant models.” Experience has taught policymakers that getting the models right is only the first step, and that stakeholder buy-in, bottom-up accountability, and co-production contribute to these models’ success.

Latin American states have fallen in line with these prescriptions, as evidenced by the proliferation of consultative councils, participatory budgeting, and access to information agencies in the region. However, the effectiveness and scope of these institutions vary widely, from authentic spaces of citizen influence, to superficial rubber-stamp bodies, to instruments of clientelism. Clearly, the design of these institutions and the political will of politicians to make

them effective are elements in their success, as scholars have noted (Abers 1996; Goldfrank 2012; F. J. Hevia de la Jara and Isunza Vera 2012). However, the interest in describing how to build the right kinds of institutions for participation has led scholars to under-theorize the main actors—politicians and the societal stakeholders—and the incentives that shape the way that they *use* these institutions.¹⁸⁷ Thus, while we know a good deal about the political variables that cause regimes to adopt participatory institutions, we do not know much about what makes them effective vehicles of representation. And as many scholars of participatory institutions would attest, these structures quite often fail to live up to their lofty promise.

This project has diagnosed two types of pitfalls that explain the chasm between the promise of citizen participation and the often-disappointing reality, in which these institutions serve as venues of clientelism and demobilization. First, the adoption and continued functioning of participatory institutions requires political will by policymakers, which generates from electoral incentives. However, politicians often view these institutions as window-dressing to lend a perceived legitimacy to clientelistic behavior or hoops to jump through to please foreign donors. So a first goal of this study has been to probe the traits of electoral competition that incentivize politicians to incorporate a broad swath of local stakeholders—and not just electoral allies—into policymaking.

A second challenge, which has gone less acknowledged, is that societal actors are quite often unprepared to participate programmatically in policy. Addressing this challenge first requires a diagnosis of who actually constitute the “civil society” or social groups that should participate in a given policy area. On the one hand, participatory institutions embrace a neoliberal conception of individual citizens, and have been lauded as a way to enable citizen participation while circumventing the undemocratic corporatism of the mid-20th century. However, it is unrealistic to expect that individual citizens—much less popular-sector citizens—have the ability to form informed opinions about policy and mobilize in a way sufficient to change them. On the other hand, studies of participation and accountability politics often analyze success cases of rare public-minded NGOs earnestly acting in favor of democratic strengthening, alleviating poverty, or some other broad goal. While a few of these certainly exist, they are dwarfed in size, importance, and history by interest organizations—that is organizations of actors, often sharing a position in the economic structure—that exist to promote collective interests in policymaking. The factors that shape the ability of these organizations—unions, business chambers, neighborhood associations, peasant associations—to act on behalf of common programmatic goals has been my central concern.

¹⁸⁷ A couple of key exceptions include Fox (1996, 2015) and Mansuri and Rao (2013).

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