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Migrants' remittances and economic voting in the Mexican countryside

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ABSTRACT

This study advances and tests hypotheses about the effects of migrants' remittances on political behavior. Analyzing new survey data from Mexico, I find that despite being very poor, respondents who receive remittances tend to view their income as more stable than neighbors who do not receive this money. As a result, remittance recipients have relatively fewer economic grievances and tend to feel more optimistic about economic matters than neighbors who do not receive remittances. According to the economic voter thesis, citizens who are more satisfied with the economy are also less likely to pressure and oppose politicians, particularly incumbents. Analyses indicate that respondents in this sample who receive remittances are indeed less likely to lobby local officials for economic assistance. They were also less likely to mobilize against and punish the incumbent party in the 2006 Mexican presidential election.

1. Introduction

Totaling at least $22 billion annually, the money that Mexicans abroad send home to family members and friends has become a leading source of foreign exchange for Mexico, second only to oil revenues (World Bank, 2013). Not surprisingly, the Mexican government has gone to greater lengths to engage the emigrant community since migrants' remittances began to surge in the late 1990s and early 2000s (Iskander, 2010). After decades of neglect, Mexican politicians now refer to migrants as heroes and speak of remittances as if they were manna from heaven (Martínez-Saldaña, 2003). In speeches, they pledge to pressure banks and companies like Western Union to reduce the fees they charge for international wire transfers.[1] They have created an impressive recordkeeping system that measures remittance inflows more accurately than ever (Cañas et al., 2007; Orozco, 2002). And they have endeavored to keep expatriates attentive to Mexico's economic needs through an array of policy initiatives, including dual citizenship rights, overseas voting rights, a remittances matching funds program, and state institutions that attend to migrant affairs (Goldring, 2002; Iskander, 2010).

When I asked a high-ranking official at the Ministry of Rural Development in Michoacán, Mexico what he thinks would happen if the flow of remittances suddenly stopped, he was strikingly open and to the point. 'It would be a very complicated situation for us,' he said with a hint of regret (Author Interview, April 2008). A middle-aged corn farmer, whom I interviewed in a rural Mexican town, seemed to agree. 'Remittances are what sustain the people here,' he explained as we chatted in his field. 'If money wasn't coming in from the US, I don't know [what would happen], people would have to find a way. Do like they did in the old days: start another revolution? That's why the government wants us to migrate.' (Germano, 2010). A cattle rancher I spoke with argued that remittances have made people in his town less inclined to hold politicians' feet to the fire. 'We don't depend on the government,' he told me. 'We depend more directly on our brothers in the United States,

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[1] See, e.g., 'Illegal Immigrants Wiring Money Have an Amigo: the Fed' (*Los Angeles Times*, 27 Feb 2007), 'U.S. Banks Woo Migrants, Legal or Otherwise' (*Wall Street Journal*, 11 Oct 2006), and 'Mexico Seeks Lower Fees On Funds Sent From U.S.' (*New York Times*, 3 March 2001).

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so we aren't so concerned with what our government officials do and don't do' (Germano, 2010).

Is there anything systematic about these statements? Do remittances translate into less pressure on politicians and government officials? Early evidence from Goodman and Hiskey (2008) suggests that they do. While data limitations prevented tests of the direct impact of remittances on political behavior, Goodman and Hiskey found that Mexicans who live in municipalities with high levels of outmigration tend to be less politically engaged than the average Mexican citizen. Their explanation for this finding is that formal political institutions lose their appeal when citizens are able to meet their economic needs more effectively by engaging with the Mexican diaspora. Just as the cattle rancher told me, what is the point in turning to a slow, bureaucratic political system when one is able to count on family members abroad to help them make end's meet?

This article argues that we can further refine our thinking about remittances' effects on political behavior by looking through the lens of the economic voter thesis. A vast literature on Mexican voting behavior and public opinion shows that Mexicans tend to behave as economic voters, punishing incumbents in bad economic times and rewarding them when economic conditions are stable or improving (Buendía Laredo, 2001; Singer, 2009; Greene, 2009; Poiré, 1999; Magaloni and Poiré, 2004; Buendía, 1996). Mexican politicians, in other words, tend to face less pressure when households experience or expect fewer disruptions to consumption. In general, households are less sensitive to economic vicissitudes when they have access to a safety net. Many studies therefore indicate that subsidies, social welfare programs, and other social safety nets can help politicians maintain public support or avoid political punishment (Cameron, 1978; Katzenstein, 1985; Rodrik, 1998; Pacek and Radcliff, 1995; Hays et al., 2005; Eloy Aguilar and Pacek, 2000; Radcliff, 1992).

I argue that something similar occurs when households receive remittances. Remittances essentially function as a private safety net for millions of poor households in Mexico and other developing countries. Like social welfare benefits, they are compensatory transfers that come with no expectation of repayment (Johnson and Whitelaw, 1974; Lucas and Stark, 1985; Chami et al., 2005). They tend to increase when economic crisis strikes in migrants' homelands, insulating recipients from the pain of macroeconomic shocks, foreign competition, droughts, hurricanes, and life-course risks (Kapur, 2005; Ratha, 2003; Lucas and Stark, 1985; Gubert, 2002; Yang and Choi, 2007; Clarke and Wallsten, 2003). Remittances are also relatively stable, even when times are tough for those sending money home. As a consequence of the global financial crisis, for instance, foreign direct investment to developing countries dropped by about 36% between 2008 and 2009 and only recovered to 80% of its 2008 level by 2010. Remittances, on the other hand, only dropped off by 6% and recovered to 99% of their 2008 level by 2010 (World Bank, 2013). Finally, study after study throughout the developing world shows that households generally use remittances to fund the most basic goods and services (see e.g., Massey et al., 1998: 257–62). Eighty-six percent of the nearly $27 billion remitted to Mexico in 2007, for example, was ultimately spent on food, clothing, shelter, and healthcare, with another 6.3% spent on expenses related to education (Banco de México, 2007: 17).

When remittances are a significant, reliable, and enduring household safety net, individuals will be less sensitive to economic vicissitudes and experience fewer disruptions to their consumption. Remittance recipients (even those living in very poor communities) should therefore have fewer economic grievances than neighbors who do not receive this money. All else equal, then, politicians should expect relatively less pressure from their remittance-receiving constituents in day-to-day governing and less opposition from them on election day. In this regard, the political disengagement that Goodman and Hiskey (2008) observed in high-emigration communities may be little more than the logic of economic voting at work.

The remainder of this article explores the effects of remittances on economic stability and political behavior using new survey data that I collected from a sample of 767 households in the Mexican state of Michoacán. Before presenting my analyses and findings, a brief discussion about measurement and methodology is necessary.

2. Measuring remittances

What does it mean to be a remittance recipient? Is receiving remittances an either-or proposition? If not, how do we go beyond a dichotomous measure to account for variation among those who receive this money?

Individual-level data are needed to investigate the effects of remittances on individuals' economic assessments and political behavior. Available survey datasets, however, do not permit the development of a very nuanced measure of what it means to be a remittance recipient. When public opinion surveys include questions about remittances, they generally ask the following: (1) 'Do you or anyone in this household receive money from a family member or friend who is working in the United States?' (2) 'How much money does the household receive from a family member or friend who is working in the United States?' Responses to the first question can be used to create a dummy variable that identifies respondents who receive any amount of money from a family member abroad. Responses to the second question can be used to create a categorical or continuous variable that, with varying degrees of precision, measures respondents' remittance income in arbitrary increments or currency units.

Among other drawbacks, the most critical problem with these measures is that they do not tell us anything about remittances' significance as a safety net to the household. This point is best illustrated with an example. Imagine that two households reported $1200 last year in remittance income. Household A, however, has only received remittances for one year and transfers were somewhat unpredictable: $100 arrived in February, another $400 was sent in October, and finally $700 was sent in December as a Christmas gift. Household B, on the other hand, has consistently received $100 every month from a family member in the US for the past ten years. Furthermore, imagine that Household A and Household B have