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THE PARTISAN POLITICS OF BORDER STATE
INFRASTRUCTURE: A STUDY OF BUDGET
ALLOCATION IN SIX MEXICAN STATES

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The Partisan Politics of Border State Infrastructure

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Introduction

Mexico has experienced remarkable changes over the past two decades. Economically, it gained unprecedented access to global markets, benefitting from trade liberalization and increased foreign investment. Politically, it witnessed the end of one-party rule and the re-emergence of long-neglected institutions like state legislatures. And while these changes have echoed throughout the country, they have had no greater effect than on states along the northern border. Given their strategic position—with U.S. markets to the north and Mexico's Pacific ports and agricultural/industrial heartland to the south—these border states not only constitute one of the world's great trade corridors, but they have also become hotbeds of intense political activity.

Nevertheless, despite having occurred around the same time, these economic and political shifts in Mexico's North have rarely been studied in tandem, particularly at the state level. This is especially disconcerting given the growing relevance of state government in the region. That is, governors and state legislatures have recently begun to assert their autonomy from each other and from the central government. Local governments have also assumed a greater role in funding major infrastructure projects considered critical to the region's development, e.g., roads, ports, bridges, etc. Yet how these states decide on funding allocations remains largely unexplored. Who are the primary actors in policymaking? How do they exert their influence? What is the end result of their efforts?

Focusing on the public financing of state infrastructure, this paper aims to help us better understand the pace and substance of economic progress in Mexico by providing reasonable answers to the questions above. In Section 1, I briefly outline Mexican state government, highlighting its four most definitive features: (1) the legal primacy of political party organizations, (2) the highly centralized system of legislative committees, (3) the high premium on multiparty consensus, and (4) the growing prominence of governors. In keeping with previous research on state government, the first sections find party organizations to exercise tremendous authority over the legal apparatus responsible for approving state legislation.

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Among the most important piece of legislation is the government's annual budget, which distributes most of the federal monies dedicated to regional infrastructure. Given that parties ostensibly control these funds, the second and third sections intend to identify patterns of partisan spending on infrastructure in all six of Mexico's northern border states: Baja California, Chihuahua, Coahuila, Nuevo León, Sonora, and Tamaulipas. Specifically, I examine differences in how parties have allocated their infrastructure budgets since 2001, concentrating on both the amounts originally allocated and those ultimately spent.

While preliminary, the resulting evidence suggests a distinct difference in how the North's two main parties fund public infrastructure. Although data on National Action Party¹ governments is largely limited to the state of Baja California, the results are robust enough to suggest the Institutional Revolutionary Party² outspends its opposition in every way studied here. This finding is particularly interesting for two reasons. First, the PAN has traditionally been viewed as a neoliberal party with strong ties to business interests in Mexico and abroad. Given this, one would suspect a greater willingness by *panista* governments to fund projects that would promote trade with Mexico's largest foreign partner, the United States; and yet, the statistical evidence strongly suggests otherwise. Second, since the 2007 elections, the PRI has advanced considerably and at the PAN's expense. So if the 2009 midterm contests are any indication, the presidency and a large number of state governments could likely fall back under PRI control by 2012. This creates an even greater need to understand how Mexico's once-hegemonic power, the PRI, might again govern after its 12-year absence.

¹ In Spanish, Partido Acción Nacional (PAN).

² In Spanish, Partido Revolucionario Institucional (PRI).

1. Political Life in Mexican States

For nearly seven decades, the PRI held complete sway over Mexico's political system.³ It not only dominated the federal government with its supermajorities in the bicameral Congress, but it also controlled legislative and executive branches in all 31 states.⁴ Combine this with severe restrictions on re-election, the PRI was for many years the only viable path to political office. Consequently, PRI presidents were well-positioned to "appoint" governors who could faithfully maintain political order but did not threaten Mexico City's grip over the country (Hernandez-Rodriguez 2003; Ward and Rodriguez 1999). These state executives then stacked local assemblies with loyal partisans who would, in turn, pass gubernatorial (i.e., *priísta*) proposals unanimously. As a result, so long as one understood the one-party relationship between Mexico City and a state's governor, then one also understood the nature of politics in that state. For that reason, few saw the benefit of studying state government in any great detail and were largely content with a simple "black box" approach.

However, this has changed dramatically as electoral reforms and opposition persistence over the past 15 years have chipped away at PRI hegemony (Molinar Horcasitas and Weldon 2003). At the state level, for example, the PRI experienced a tremendous decline in political and legal power. With respect to local legislatures, the PRI had previously held majorities in every single federal entity; however, by 2000, this share of legislatures had declined to 60 percent in 2000, followed by 50 percent in 2004 (Figure 1).⁵ In conjunction with a corresponding—albeit less dramatic—drop in the number of PRI governorships (Figure 2), the data clearly demonstrates

³ The hegemonic period is generally considered to have begun in 1929 with creation of the National Revolutionary Party, a vehicle used by former president Plutarco Calles to curtail the violence between the victors of the Mexican Revolution. Changing its name to the Mexican Revolutionary Party in 1938, and finally to the PRI in 1946, the party would not lose control over the federal government until 2000 with the election of the first non-PRI president (Vicente Fox of the PAN). It is worth noting, however, that the first non-PRI government actually came to power 12 years before, when the PAN won the governorship of Baja California in 1988, followed by Chihuahua in 1992, Guanajuato in 1994, and Jalisco in 1995. And with the numerous opposition victories in state legislative districts and municipalities throughout the country, it is clear that Mexico has had some experience with divided/opposition government well before the 2000 alternation.

⁴ Reforming the Mexican Constitution—one of the PRI's primary means of maintaining political power—is only possible with the approval of a majority of state legislatures (Molinar Horcasitas and Weldon 2003; *Constitución Política de los Estados Unidos Mexicanos*, CPEUM, Article 135).

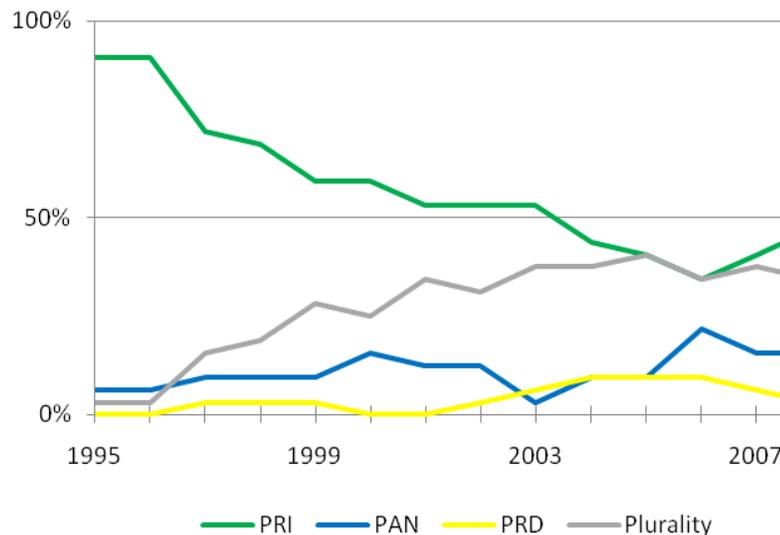
⁵ Although the former opposition parties—PAN and PRD—have controlled majorities in as much as 31 percent of state legislatures (2006), most of the PRI's losses resulted in plurality assemblies where no group held more than 50 percent of seats.

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that Mexican politics is no longer under the sole purview of the old hegemony, but rather, must be shared with the PAN, the PRD, and multitude of small or particularistic parties. The result has been a twofold shift in local-level power as (a) newly-elected governors no longer find themselves beholden to Mexico City, and (b) state legislators are less likely to owe their political success to a supportive executive (Rodriguez-Hernandez 2003; Beer 2003).

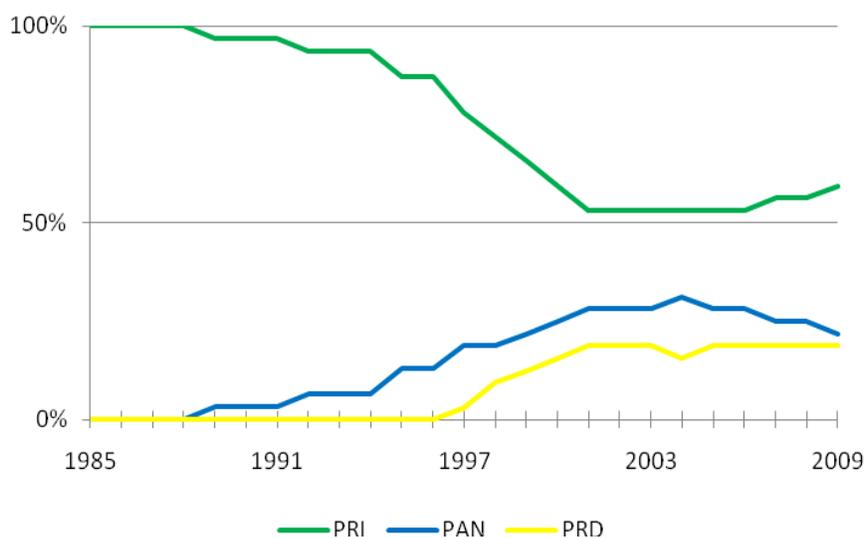
In the next four subsections, I briefly outline the main features of political life in Mexican state government: strong party politics, centralized legislative decision-making, the premium on consensus, and the prominence of governors. In short, the following describes a political environment where governors and party organizations alike use their constitutional privileges to monopolize decision-making bodies within state legislatures, thus monopolizing policies like the public financing of local infrastructure.

Figure 1. Share of Mexican State Legislatures Under Different Partisan Majorities, 1995-2009



The PRI has experienced a rapid decline in legislative power at the state level. Mirroring the party's losses in national elections, this pattern represents a marked shift in political competition that has serious consequences for the relevance and performance of state government. Source: *Centro de Investigación para el Desarrollo*, A.C., www.cidac.org.

Figure 2. Share of Mexican State Governors by Party, 1985-2009



Similar to the pattern observed for state legislatures, the PRI has lost much of its influence over gubernatorial decision-making. And while the decline has not been as marked as the one graphed in Figure 1, it clearly supports the claim that political conditions have recently become competitive. Source: *Centro de Investigación para el Desarrollo*, A.C., www.cidac.org.

1.1 Strong Party Politics

What makes Mexican parties—both state and national—so “strong” is a combination of the protected status they enjoy and the tools at their disposal. To start, a party organization is a constitutionally protected entity considered to be a valued public interest (CPEUM, Article 41 § I). Because of this, only parties—not candidates—are entitled to public monies (CPEUM, Article 41 § II); moreover, private contributions are prohibited from exceeding a small percentage of the public funding received or spent, further discouraging candidate autonomy.⁶ And since only officially recognized parties can nominate electoral candidates, aspirants have no other recourse—legally or financially—but submit to the party organization for support (COFIPE, Article 36).⁷

⁶ Following the lead of their federal counterpart (*Código Federal de Instituciones y Procedimientos Electorales*, COFIPE), state electoral laws have uniformly adopted a 10 percent limit on what party members and/or unofficial supporters can privately contribute to campaigns. Given the lack of extant research on state party finances and the large number of states, please contact the author for specific citations.

⁷ I primarily cite from the federal documents, but unless otherwise stated, the same provisions also apply at the state level.

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This constitutionally protected status is further reinforced by the current prohibition on consecutive reelection, a restriction that makes it difficult—although not impossible—for legislators to develop a political constituency beyond the party (CPEUM, Articles 59, 116 § II). Moreover, Mexico employs a mixed-member electoral system to allocate legislative seats at both levels of government: approximately half of an assembly's seats are allocated according to plurality rule while the rest are distributed according to closed party lists (CPEUM, Articles 59, 116 § II).⁸ In contrast to the plurality counterparts—who are generally nominated by some sort of primary-style process—list candidates are generally appointed by the state party leadership. In this way, the party organization can still maintain direct control over a substantial portion of its legislative delegation.

Looking to state assemblies—which are exclusively responsible for the distribution of federal funds (Díaz Cayeros 2004)⁹—party influence clearly manifests itself within the design of key legislative offices. For example, take the parliamentary coordinator, the legal representative of the party's delegation.¹⁰ At the beginning of a legislative term, each party delegation forms an official parliamentary group. In the process, the group elects a coordinator who articulates the group's position and represents it on a number of key deliberative bodies, such as the assembly's governing committee.¹¹

This committee, generally known as a *Junta de Coordinación Política*, is endowed with singular authority over two critical areas of the legislative process: committee deliberation and agenda

⁸ For plurality seats, voters elect an individual candidate to represent a single district; the winner is whoever receives a plurality of votes. For list seats, parties receive a share of seats proportional to their overall share of the vote. List candidates are seated according to their order on the official electoral list, and this ordering is decided by the party.

⁹ The fiscal regime in Mexico is highly centralized. As of 2004, for example, nearly 95 percent of all tax revenue in Mexico was levied and collected by the federal government—which was, in turn, distributed back to the states. And while states must spend these funds within certain general areas, they nevertheless have substantial discretion within these areas to do with the money as they wish (Courchene and Díaz Cayeros 2000).

¹⁰ Gonzalez (2009) provides in-depth legal references for legislative organization in eight of the country's 31 states. However, as Gonzalez (2009) explains, there is very little cross-state variation in terms of party control of legislative institutions; so what holds for the eight states also holds for the remaining 23.

¹¹ Coordinators, however, are not always elected solely by their parliamentary group. According to legislative organic laws—which outline an assembly's internal organization—the rules for selecting a coordinator are set by the party organizations outside of the assembly. Consequently, elites who control these organizations can effectively appoint their candidates with little opposition from deputies. And while this should not mean that deputies are not consulted when candidates are considered, the party's formal executive board (or the elites who control it) ultimately has the final say. Interview: de los Cobos Silva (Guanajuato); Alarcón Hernández (Puebla).

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setting. As I discuss in Section 3, committee deliberation is especially important because all binding legislation must first be considered in committee before it can ever be voted upon by the plenary. Once in committee, chairs have the unobstructed right to redraft original proposals any way they see fit. Moreover, only coordinators—in their capacity as *Junta* members—have the right to assign committee seats, and so are in an especially privileged position to dictate the substance of legislative proposals via strategically placed agents.

The second critical area is the agenda-setting process. Here, the *Junta* first decides which proposals a committee considers and the order in which it considers them. Once a committee has made its modifications to the original proposal, the *Junta* exerts its influence again by deciding when the newly fashioned bills are considered for final approval. As Cox and McCubbins (2005) argue, such agenda control can be an effective and inexpensive way of compelling plenary approval: rather than buy the support of intransigent deputies, the *Junta* simply secures their approval by deciding which vote choices the plenary can make, i.e., does the plenary pick between A and B or between B and C?¹² If the party leadership prefers B to C, but the plenary prefers A to B, then the former can ensure for itself a favorable outcome by blocking consideration of A.¹³

While some argue that Mexican state deputies are becoming more autonomous (Beer 2003; Cortina 2004), the fact remains that party organizations *outside* the legislature have a variety of ways to ensure the compliance of party members *inside* the chamber—whether that be through

¹² Just because vote-buying can be suboptimal, that should not suggest that the *Junta* cannot or does not do so. That is, in addition to their control over committees and agendas, *Juntas* also manage the assembly's administrative body, giving coordinators explicit access to personnel, additional funds, and office space/equipment. With such authority, coordinators can either bankrupt an obstinate committee by denying it the basic resources it needs to deliberate, or they can reward a cooperative one with enough money to pay for luxuries like elaborate fact-finding trips and full-time personal assistants. Either way, administrative control serves to supplement coordinators' already broad authority over the legislative agenda.

¹³ Assuming (1) both groups do not prefer C to either B or A, and (2) the leadership prefers the status quo to A, but not to B.

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their control over electoral nominations or over the parliamentary agenda.¹⁴ In the next section, I provide greater detail about how parties and their coordinators actually shape the policy proposals that eventually make it onto the plenary agenda.

1.2 Centralized Committee Systems

Arguably the most important function coordinators perform is managing the distribution of committee assignments. Organic laws require an initial round of committee review whereby if such panels are not constituted, then bill proposals are prohibited from reaching the plenary floor and the entire legislative process comes to a stop.¹⁵ Moreover, committees are free to modify proposals any way they see fit; in fact, committees are under no obligation to discharge a bill that even remotely resembles the version originally submitted. And given that the plenary only considers what the committee approves, it should be no surprise then that the distribution of panel seats is frequently the subject of intense negotiation, both within and across party delegations (Córdova González 2004).

Naturally, because each coordinator (via the *Junta*) is empowered with exclusive legal authority over her delegation's share of committee assignments, she strategically fills that share with deputies most loyal to her and the interests, groups, and elites she represents. In this way, a coordinator—and by extension, the party organization—can effectively control the substance of legislative production without having to micromanage the effort.¹⁶

¹⁴ This entire discussion on parties begs a simple question (with a complicated answer): how exactly are parties *outside* of the legislature organized? Their legislative counterparts are organized in a roughly hierarchical way whereby the coordinator is given legal/political prominence over her co-partisans; this, however, may not translate to the party organization as a whole. Yes, the state party organization has the authority to sanction/reward its members in a variety of ways, but how centralized/hierarchical is this power? That, unfortunately, is a question I cannot answer here because each organization varies across both state and party; combine that with the lack of empirical research, I am unable at this point to provide a general description of a party's internal structure.

¹⁵ The most famous example of this occurred after the 1997 midterm election when no single party held a legislative majority in the Chamber of Deputies. The problem was that the rules outlining the composition of the governing body did not account for the possibility a majority party might not exist; although shocking, this should not be a surprise after 70 years of PRI hegemony. It was only after lengthy inter-party negotiations that legislative deliberation resumed.

¹⁶ Interviews: Chávez Ríos (Hidalgo); Domínguez Méndez (Tlaxcala); Medina Galindo (Michoacán); Duarte Ramírez (Michoacán); López Murillo (Zacatecas); Labastida Aguirre (San Luis Potosí); Posadas Hernández (Estado de México); Montes de la Vega (Guanajuato); Yáñez Herrera (Chihuahua); Castillo Ruiz (Yucatán); Micalco Méndez (Puebla); Alemán Olvera (Morelos).

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What makes partisan influence even more permeable is that coordinators need only control the chairs of “prestige” committees to effectively monopolize legislative production. In short, the committee system is highly centralized whereby committee members are not all endowed with the same rights and responsibilities. Like their counterparts in the Chamber of Deputies, the chairs of state-level committees are considered the most powerful legislators within their respective policy areas, wielding near-absolute control over panel proceedings (Aparicio and Langston 2009). Only chairs, for example, can schedule committee meetings, distribute panel resources, and set the rules of debate. The remaining members, on the other hand, enjoy few institutional rights besides the right to vote.

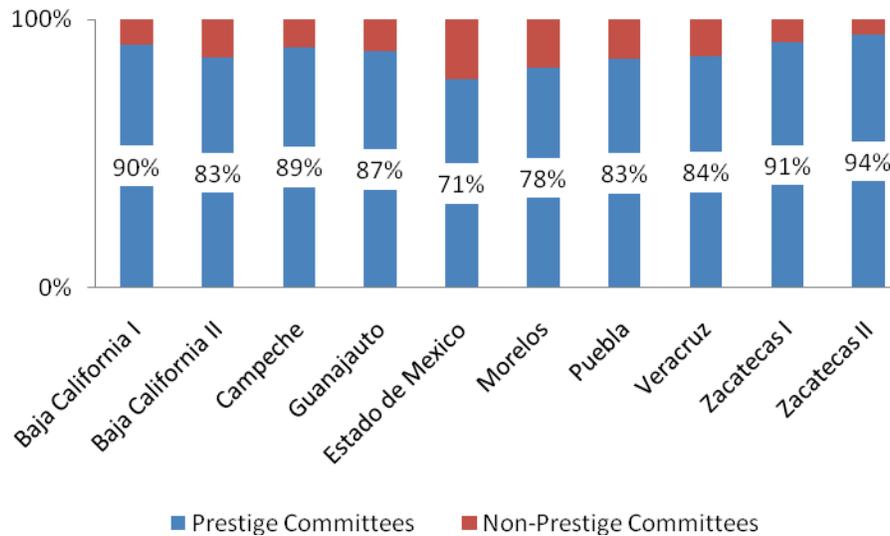
Similarly, committees themselves are not all created equal (Córdova González 2004). In fact, a select number of “prestige” panels—those with jurisdiction over state budgets, oversight, and constitutional reform—discharge the vast majority of approved bills, leaving other panels with little or no bills to debate.¹⁷ In Figure 3, I report the total number of prestige committees approved by the plenary assembly as a percentage of the total bills approved.¹⁸ Clearly the percentages illustrate how centralized the committee system is, at least in terms of legislative production: in a sample of geographically and politically diverse state legislatures, prestige committees discharged no less than 71 percent of all proposals approved by the floor, reaching a high of 94 percent in Zacatecas.¹⁹

¹⁷ Some states, like Baja California, even go so far as to restrict proposal power to four committees: Legislation and Constitutional Points, Treasury, Taxation, and State Reform.

¹⁸ Note there is no typology currently available to systematically distinguish prestige from non-prestige committees in Mexico. As a result, I rely on a combination of interview data and internal statutes to identify the most highly-prized and productive committees in each state. This approach yielded a classification whereby prestige committees are defined as those responsible for constitutional reform or budgets/appropriations. Moreover, these panels are frequently cited by legislators and observers alike as having the greatest relevance in the approval process.

¹⁹ The total number of proposals graphed in Figure 3 includes both committee bills and non-binding resolutions drafted by committees and individual deputies.

Figure 3. Total Percentage of Committee Proposals Approved by the Plenary Assembly (2001-2007)



The number of prestige committee proposals approved by the plenary assembly is represented here as a percentage of the total number of approved committee proposals. What is particularly noteworthy is the extent to which prestige committees dominate legislative production. Well over a majority of legislation was originally discharged by either Budget/Appropriations or Constitutional Reform, reaching as high as 94 percent and a low of just 71 percent. Source: Gonzalez (2009).

Parties capitalize on these intra- and inter-panel differences by focusing most of their attention on the chairs of prestige committees. At the beginning of a legislative term, for example, parliamentary coordinators spend most of their time negotiating the distribution of prestige committee chairs, intent on assigning their most loyal supporters to these panels. In fact, Gonzalez (2009) finds majority party leaders not only monopolize prestige chairs, but they also assign these posts to deputies at or around the group’s median voter position.²⁰

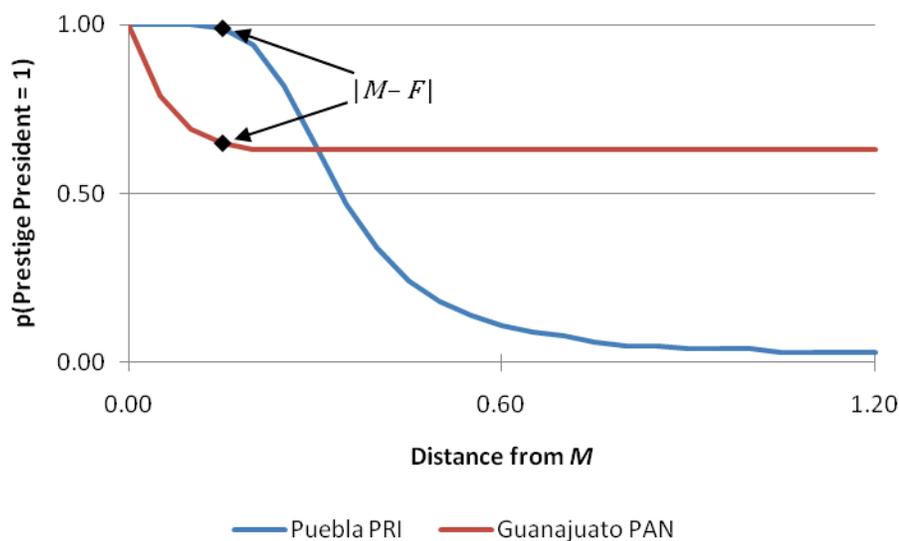
Using data on policy preferences taken from a diverse sample of state legislatures, Gonzalez (2009) estimates the probability of assignment to a prestige committee chair as a function of ideological distance from the majority party median (Figure 4). Focusing on the more interesting cases of the typical PAN and PRI deputies, Gonzalez (2009) finds the probability of assignment is highest when the deputy’s preferences align with the majority party’s median voter (*M*).

²⁰ The median voter of a party is the group’s “center of gravity” whose support is a necessary for any majority coalition to emerge.

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Furthermore, as the distance between the two sets of preferences increases—i.e., they become increasingly dissimilar—this probability drops precipitously, immediately confirming the idea that ideological proximity is the key to legislative promotion and, ultimately, party control. Of particular note is that this relationship disappears completely once one considers all other types of committee assignment: non-chairs of prestige committees, chairs of non-prestige committees, and non-chairs of non-prestige committees.

Figure 4. Predicted Probability a Deputy Is the Chair of a Prestige Committee, Majority-Party States: Guanajuato v. Puebla

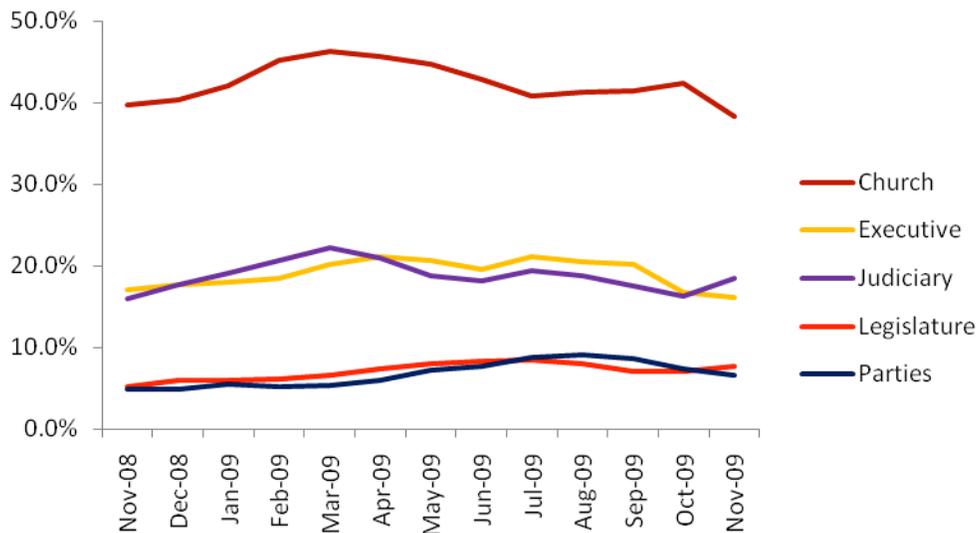


Taking the case of a district deputy who is at an average distance from the legislative median (F), I compare the probability a PAN deputy in Guanajuato is on a prestige committee with the probability a PRI deputy in Puebla is. The difference is stark and informative: although both experience a relatively quick drop-off once one is a certain distance from the party median (M), the PAN deputy does not experience such a rapid decline as her PRI counterpart. This corresponds with the opinion that the state PAN promotes more collegial relationships between its members, while the state PRI dictates a more vertical orientation. Source: Gonzalez (2009).

1.3 Premium on Consensus

The third defining feature of political life in Mexican states is the premium on consensus. That is, Mexican political institutions suffer from a severe lack of public confidence. For example, according to *Consulta Mitofsky* polls, the most popular of these institutions—the executive branch—only enjoys half the support of the most popular *social* institution, the Roman Catholic Church (Figure 5). In fact, the military, universities, the media, and electoral institutes (not shown on Figure 5) are all better perceived than the executive. Legislatures and political parties, however, all fared considerably worse.

Figure 5. Percentage “Highly Supportive” of Select Mexican Institutions, 2008-2009



Graphing the level of “high” support for a select number of Mexican institutions, it is clear that neither legislatures nor parties are particularly popular. In fact, of all the institutions mentioned, these two perform the worst. Source: *Consulta Mitofsky*, www.consulta.com.mx.

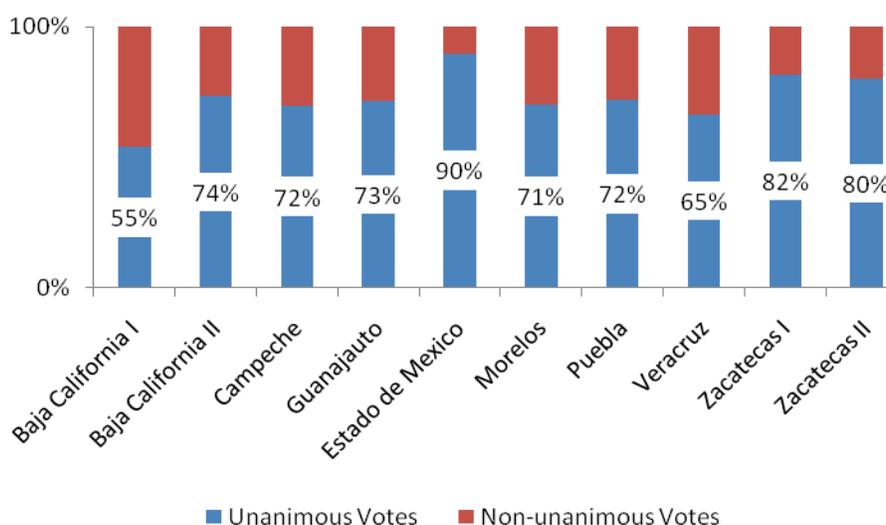
Given these patterns of approval, it is not surprising to find deputies and governors alike reaching across party lines to improve public perception and, consequently, legitimacy.²¹ In fact, my field research on legislative elites reveals a striking commonality across all deputies and parties: the emphasis on unanimity, or at least the perception of it. That is, deputies clearly recognize their precarious position as representatives of both party and public, and so long as that perception exists, confidence in governing decisions will remain low. Thus, one way legislatures and parties improve their legitimacy is by presenting the image of consensus, which they create by securing rank-and-file support during the committee review. In addition to their agenda-setting powers, chairs and coordinators use their special authority to either reward compliant deputies or sanction dissenting ones. Consequently, final votes of approval tend to be unanimous, decided well before the proposals ever reach the floor. Such unanimity is expected to create the perception of actual agreement and should ultimately improve voter opinions of deputies and their parties.

²¹ Legitimacy has long been a concern for Mexico’s ruling elite. Even at the height of its power, the PRI still resorted to ballot-stuffing, vote-buying, and outright intimidation to secure its large margins of victory. Although dramatic improvements in electoral transparency have apparently reduced such corruption, even valid elections like the 2006 Presidential contest have been decried as fraudulent by a large segment of voters.

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According to Figure 6, the percentage of unanimous roll call votes in the sample varies from a low of 55 percent (Baja California I) to a high of 90 percent (Estado de México).²² That is, while state legislatures certainly exhibit some level of dissent during plenary voting, it is not especially common. What is common, however, is the backroom deal-making negotiated in committee by prestige chairs and the party leadership.

Figure 6. Total Percentage of Unanimous Roll Call Votes



To remedy the lack of popular support, political parties tend to pursue consensus when making legislative policy. However, this should not suggest that parties pursue harmonious policies that every deputy agrees with; in fact, most interview subjects suggest that party leaders use their control over key committees and inducements to ensure their policies pass with the highest level of assent possible. Source: Gonzalez (2009).

So in addition to the broad legal powers standing committees already enjoy, the precarious nature of political support for legislatures and parties gives these panels even greater importance as they provide leaders with time, money, and the discretion to build large coalitions which ensure bill passage. And while the methods for building these coalitions may not be the most “democratic”—what with the control party elites have over committee and political resources—they nevertheless try to reach agreements with consensus and legitimacy in mind.

²² Baja California I and Baja California II refer to the 2001-2004 and 2004-2007 sessions, respectively. Likewise, Zacatecas I and Zacatecas II refer to the 2001-2004 and 2004-2007 sessions, respectively.

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1.4 Gubernatorial Prominence

In discussing the main features that define state-level politics, party organizations and local legislatures obviously play important roles. However, to exclude any discussion of the executive branch would gravely misrepresent the nature of local politics in Mexico. That is, while the nature of their importance has certainly changed with the decline of PRI hegemony, governors not only remain at the center of state government, but they have also assumed tremendous influence at the national level.

Belying this idea of a powerful governor are the institutional rules that define the limits of formal executive authority. In short, Mexican executives at both national and state levels are relatively weak in terms of their constitutional powers, especially when one compares them with what their counterparts enjoy elsewhere in Latin America (Alemán and Tsebelis 2005; Blanco González 2001). Examples include the president's ability to make amendatory observations, enact binding decrees, or wield a partial veto. The executive branch is responsible for drafting the initial budgetary draft, but beyond that, it has little legal say over any subsequent changes.

Despite these limitations, governors have long been the focus of local political power. Looking specifically to post-revolutionary Mexico, governors were largely the proxies of presidential (i.e., PRI) power. And while they effectively served at the pleasure of PRI presidents, governors nevertheless enjoyed a level of autonomy (Hernández Rodríguez 2003; Ward and Rodríguez 1999).²³ Rather than be a blind automaton toting the presidential line, each governor instead served as an intermediary who required a high level of discretion to accommodate her state's unique situation. As such, governors were free to distribute political offices and public resources any way they saw fit, and set the tempo of government so as to maintain political order. Any federal intervention that did occur was usually aimed at restraining gubernatorial excesses or tackling extraordinary circumstances. Moreover, while PRI presidents certainly signed off on all gubernatorial candidates, they did not always have a direct hand in their selection.

²³ Between 1946 and 2000, 71 of Mexico's 270 governors were removed from office by direct/indirect presidential action (Hernández Rodríguez 2003:105).

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This relationship has loosened even further with the onset of several fundamental changes over the past 15 years. Beginning with the decentralization policies of the Ernesto Zedillo administration (1994-2000)—which endowed states with greater fiscal responsibility over public education, health services, and tax collection (Hernandez Rodriguez 2003:108)—governors are not only in a position to counter a resurgent legislative branch, but they are also now in the national spotlight due to heated competition over federal funds. Consequently, many of the leading candidates for federal office have recently come from gubernatorial ranks, as the current field of PRI presidential candidates clearly demonstrates.²⁴

Yet, with respect to budgetary policy, such legislation remains exclusively under the jurisdiction of the legislative branch. How then does a “weak” governor today compel a resurgent legislature in the absence of a friendly president? The answer, though multifaceted, can be reduced to two points: term length and party nominations.²⁵ That is, aside from the governor, who serves six years, all other elected officials—municipal presidents (i.e., mayors), deputies, and city council members—serve no more than three. Combine this with (1) a ban on immediate reelection and (2) that gubernatorial candidates are always nominated before legislative and municipal candidates, governors have the political leverage to compel the loyalty of ambitious (albeit term-limited) candidates who want a spot on her slate.²⁶ In truth, parties design gubernatorial coattails

²⁴ In addition to party president Beatriz Paredes Rangel and Sen. Manlio Fabio Beltrones, the frontrunners for the 2012 candidacy are both governors: Enrique Peña Nieto (Estado de México) and Fidel Herrera of Veracruz. Moreover, many experts predict Peña Nieto as the ultimate winner of not only the PRI candidacy, but of the general election. That scenario would make him the second governor to be elected president over the past three terms (with Vicente Fox of Guanajuato being the other).

²⁵ One can also include the governor’s power over the state bureaucracy as a contributing factor.

²⁶ Elected officials may be term-limited but that should not imply a term limit on their political career. In fact, as Langston and Aparicio (2008) find, Mexicans are amateur legislators but professional politicians. Before and after their terms, politicians are usually in the employ of some partisan organization, whether it be the party itself or one of its ancillary bodies; outside the party, they tend to occupy different public posts, alternating between the executive and the legislative branches.

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to be quite long in Mexico such that winning office without gubernatorial support can be difficult in some states, if not impossible.²⁷

The fact remains, however, that despite any political influence they do exercise, governors exercise it vis-à-vis the legislature, so any analysis of the state budgets must first begin with the bills legislatures approve. But before turning to such an analysis, I first briefly discuss the impact of the North American Free Trade Agreement (NAFTA) on elevating the value of infrastructure in Mexico's northern border states.

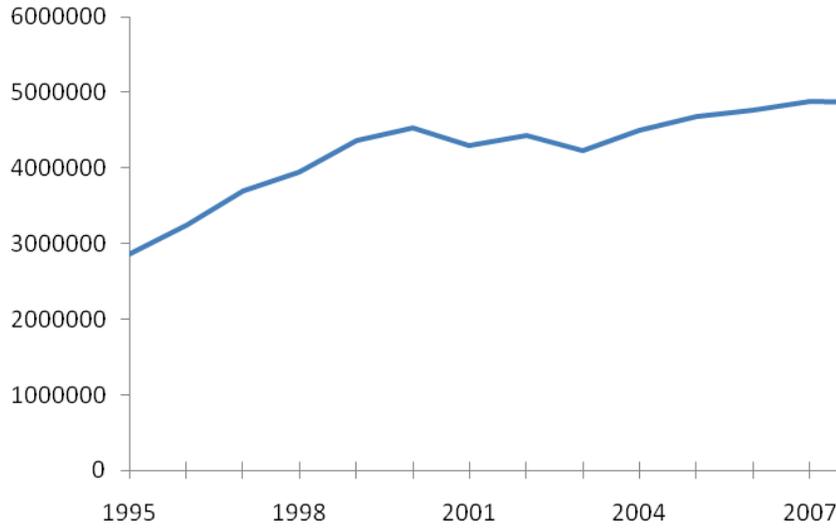
2. NAFTA and the Value of Infrastructure

For better or worse, the North American Free Trade Agreement has reshaped economic life in Mexico, making it both a critical transit point for U.S.-bound goods as well as an emerging center of production in its own right. Naturally, the North—strategically positioned between the world's largest economy and Pacific shipping lanes—has been the focal point of this development.

Since 1995, the total volume of commercial traffic across the U.S.-Mexico border has steadily risen, growing 70 percent in terms of trucking (Figure 7) and by as much as 55 percent in terms of rail-based transport (Figure 8). And while border traffic has experienced some negative growth over the years—particularly between 2000 and 2003—these lulls can largely be attributed to surges in California port activity and heightened security measures rather than to some inherent deficiency in the U.S.-Mexico trade relationship.

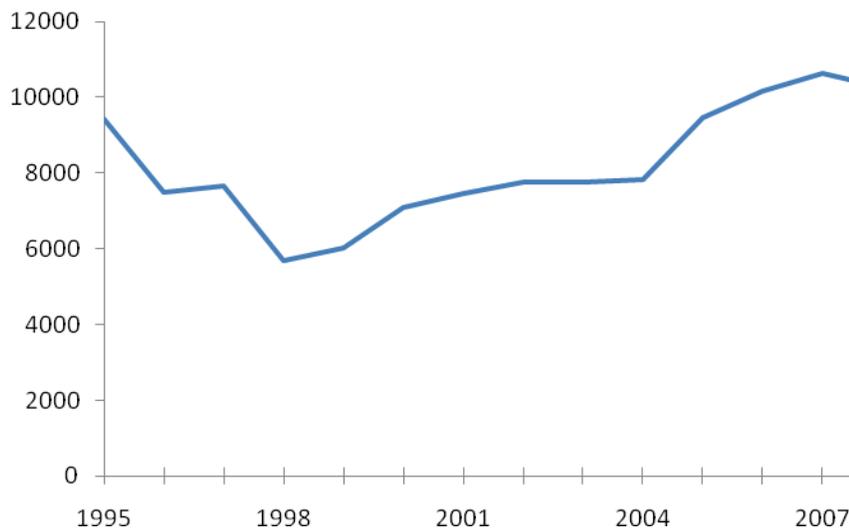
²⁷ Because of these factors – and the public attention governors receive – state executives generally hold sway over both electoral candidates and the party as a whole. This is not to say, however, that the governor can compel the party to follow every one of her dictates. Aguascalientes, Jalisco, and San Luis Potosi – curiously enough, all under PAN governments – each experienced large schisms within the ruling party such that the governor was on one side of the conflict and his legislative delegation on the other. Cortina (2004) argues that this is the product of decentralized nominations – primaries as opposed to appointments – whereby the preferences of legislatures (and by extension, municipalities) no longer coincide with those of the executive branch. Consequently, legislatures and municipalities are more prone to assert their constitutional prerogatives when they disagree with the governor.

Figure 7. Total Volume of U.S. Mexico Commercial Traffic, Trucks, 1995-2008



Source: U.S. Department of Transportation – Bureau of Transportation Statistics, www.bts.gov.

Figure 8. Total Volume of U.S. Mexico Commercial Traffic, Trains, 1995-2007



Source: U.S. Department of Transportation – Bureau of Transportation Statistics, www.bts.gov.

For the most part, however, border traffic is increasingly being driven by Mexico’s ports along the Pacific Ocean where Asian products bound for the United States can avoid the busy California coast and unload at a relatively lower cost. Additionally, the administration of Felipe Calderón—despite current concerns with the budget—plans to expand the country’s coastal

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presence even further with the construction of Punta Colonet, a new mega-port 150 miles south of San Diego that is at the heart of Mexico's 2007 National Infrastructure Program.²⁸ Under this new program, the administration intends to finance 300 projects throughout the country up through 2012, signaling a concrete commitment to accommodate long-term trade demands.

Besides linking Mexican coastlines to U.S. markets, the border's infrastructure also provides trade-minded investors with the framework they need to sustain domestic production. According to government data on direct foreign investment (Figure 9), the six northern border states have received 59 percent of all foreign money since 1994, reaching a high of 78 percent in 2005.²⁹ This emphasis on the border has not only revitalized the region's traditional industries—e.g., manufacturing, textiles, and construction—but it has also encouraged advanced sectors like communications and chemicals to develop.³⁰ Consequently, the manpower needed to sustain these industries has generated a population boom that requires modern infrastructure to provide clean water, reliable electricity, and medical care on a scale never before seen.³¹

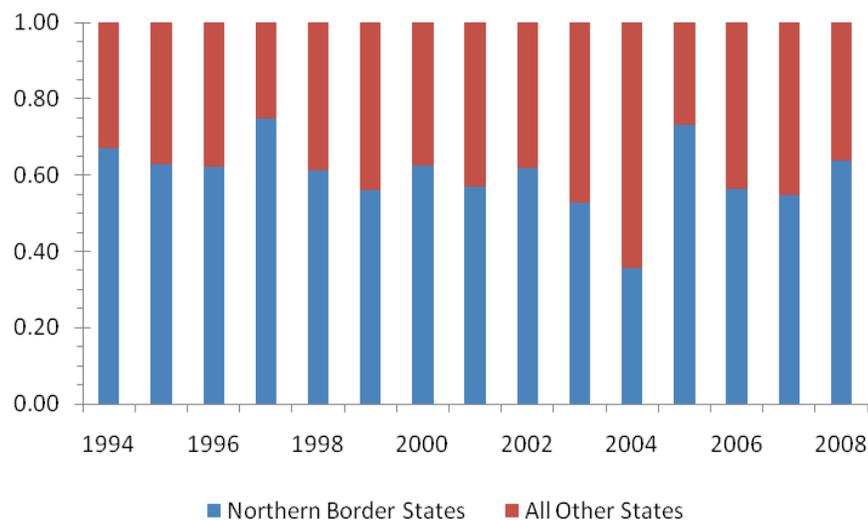
²⁸ As of January 14, 2010, the 5 billion USD port project has been delayed due to the recession-driven decline of imports into the Ports of Long Beach and Los Angeles. Secretary of Communications and Transportation (SCT) Juan Molinar Horcasitas also reports that the project has encountered several obstacles in obtaining the U.S. permits necessary to complete the project's bidding process. Nevertheless, as the SCT asserts, this delay is only temporary and should not suggest any reduction in investment for the port (Gonzalez 2010).

²⁹ Estimates of direct investment do not include the Federal District as it is an extreme outlier receiving nearly 57% of foreign capital. This is not surprising given the District's historical/economic/demographic significance over the past five centuries.

³⁰ Whether the recent downgrading of Mexico's credit rating in December 2009 will have an effect on further investment, particularly in the north, is not entirely clear. However, the general expectation is that the long process rating agencies used to downgrade Mexico has helped investors to price this decline into their calculations. As a result, there should be little flight from the peso, emerging bond markets, and the Mexican *Bolsa de Valores*.

³¹ Between 1995 and 2005, the population of the six border states grew by approximately 17 percent whereas the national population grew by only 12 percent (INEGI 2009).

Figure 9. Direct Foreign Investment, Northern Border States v. All Other States



Source: *Instituto Nacional de Estadística y Geografía*, www.inegi.gob.mx.

What is critical to remember is that trade liberalization and foreign investment in Mexico have created a demand for modern systems of public infrastructure—from highways and ports to electrical capacity and health care. Moreover, the National Infrastructure Program signals a political commitment to meet these demands, as an unprecedented amount of federal funds is being funneled through state governments to finance public works projects throughout the country. The following section investigates this topic further by looking at how northern border states—and the parties who govern them—allocate the new influx of funds.

3. Patterns of Infrastructure Spending

3.1 The Sample

In collecting the information needed to explore the public financing of state infrastructure, two points must first be addressed. First and foremost is the relevance of the available data. That is, budget figures dating as far back as 1994 (the year before NAFTA went into effect) are readily available for most of the six northern border states. However, one must ask: how relevant are these figures to the present analysis? Although an obvious point, it is clear that the world has changed considerably between 1994 and the present day. More specifically, the role of state government has expanded greatly since 2000 when the PRI lost the presidency. In terms of

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decentralized authority, these changes have incrementally led states to exercise a greater say over how federal funds are distributed locally (Díaz Cayeros 2004). And in terms of actual political power, the subnational locus is no longer located exclusively in the governor's mansion. Although the governor remains highly influential, the diversity of preferences and party interests now occupying state legislatures effectively prevents policy monopolization by the executive branch. For these reasons, I limit the present analysis to post-2000 years so as to concentrate on an up-to-date view of how partisan politics influence state governance.

My second point concerns the variation in partisan control. Political power along the northern border has effectively been split between the PRI and the PAN; yet this split is not even.³² Since the 1930s, the PRI has maintained strict, uninterrupted control over the local governments in Coahuila, Sonora, and Tamaulipas. In addition to the governorships, the PRI in those three states have also enjoyed (1) large legislative majorities, (2) judiciaries stacked full with supporters, and (3) administrative bureaucrats appointed on the basis of party loyalty. The PAN, although well entrenched in Baja California, has nevertheless enjoyed only periodic success in the two states of Chihuahua and Nuevo León. Even at the time of this writing, with the PAN in control of the presidency, the party has proven unable to break the PRI's northern hold. So in terms of drawing conclusions from the following analysis, one must exercise some caution because very few observations of PAN governance (outside of Baja California) enter into the sample of data points. Still, despite their limitations, the data does yield distinct patterns, suggesting a stark difference in how dedicated each party is to public infrastructure.

3.2 Analysis: Partisan Politics and Public Infrastructure

According to Table 1, below, there is clear evidence to suggest that PRI state governments dedicate a much larger share of their yearly budgets to infrastructure projects than their PAN counterparts. What is noteworthy is that this result holds even when controlling for numerous other explanations of infrastructure spending: the amount of spending for a given year is conditional on the previous year's amount (see "Allocated Budget, Lagged");³³ the budget reflects the government's expectations of foreign trade investment (see "Direct Foreign

³² For a brief overview of political and demographic conditions in each state, please refer to Tables A.1 and A.2 in the appendix.

³³ The logic is that, all else equal, what is budgeted this year will be at least as high as what was budgeted last year.

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Investment, Lagged”);³⁴ or the budget is a function of campaign promises made in the expectation of an upcoming election (see “Election Year”).³⁵

Table 1. Estimating the Share of Yearly State Budgets Dedicated to Infrastructure Projects

Variables	Model 1 Share of Funds Allocated	Model 2 Share of Funds Spent
Share of Allocated Budget, <i>Lagged (1) Year</i>	5.23 (0.70)	1.84 (1.46)
PRI Control	0.85 (0.22)	<i>0.69</i> <i>(0.42)</i>
Direct Foreign Investment <i>Lagged (1) Year, in millions US\$</i>	1.83 x 10⁻⁴ (0.56 x 10⁻⁴)	-0.93 x 10 ⁻⁴ (1.07 x 10 ⁻⁴)
Election Year	-0.06 (0.11)	0.07 (0.19)
Constant	-3.34 (0.22)	-2.81 (0.22)
<i>N</i>	31	31
<i>AIC</i>	0.89	0.83

- *Models estimated via Maximum Likelihood Optimization of a Generalized Linear Model, specified using the logit link function of a dependent variable distributed binomial.*
- *Coefficient estimates and corresponding standard errors (in parentheses) are bolded when different from zero at conventional levels of statistical significance, i.e., $p > 0.05$. Coefficients significant at $p > 0.10$ are italicized.*

The evidence strongly suggests a difference in the way parties spend on public works: PRI governments significantly outspend their PAN counterparts; however, this may be a function of the data limitations.

³⁴ This variable is lagged to account for the time it takes for the impact of foreign investment to affect public budgetary decisions.

³⁵ Operational information on outcome/explanatory variables is found in Table A.3 of the appendix.

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First consider Model 1, which examines the share of budget initially *allocated* to infrastructure.³⁶ With the exception of “Election Year,” the variables on the right-hand side of Model 1 are all statistically significant at conventional levels.³⁷ Clearly the lagged economic variables have a discernible effect in that they increase the share of the budget dedicated to infrastructure. This was expected, but what about the party-based variable? It, too, is shown to have a positive effect, meaning that when the PRI controls a state’s government (i.e., “PRI Control” = 1) one should expect a much higher share of the budget going to infrastructure than a state where the PAN is in power (“PRI Control = 0”).

For a more substantive look at these effects, Figure 10 provides a state-by-state graph of the predicted variables given by the models’ four explanatory variables. What is clear is that PRI governments (gray lines) all dedicate more of the budget to public infrastructure than the PAN state of Baja California (red line). However, given my previous concern about the representativeness of the data sample, are these predicted values simply a function of some unrelated non-partisan variable particular to Baja California? A preliminary look at the evidence suggests “no”: consider 2006 and 2007 in Nuevo León, when the PAN controlled a legislative majority while the PRI held the executive. During these two years, the share of infrastructure funding declined dramatically at a time when economic conditions in Mexico (and the world) favored greater trade and budgetary expansion. In fact, budget allocations in Nuevo León dropped from the second highest-share to the second-lowest.³⁸

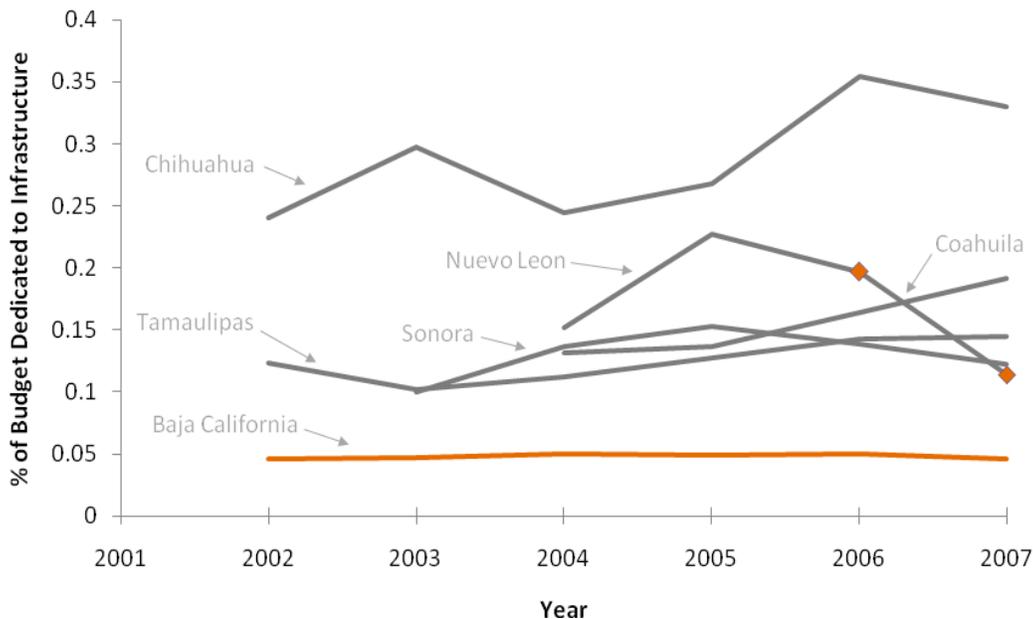
³⁶Note that this may or may not be same number as the share of the budget actually *spent* on infrastructure. While similar, the two sets of figures are not identical. This is because the figures on the budget *spent* include funds allocated later in the year after the initial budget was approved.

³⁷ Formally, the error terms of the model are specified in the following manner:

$$p(\alpha | x_{1i}, x_{2i}, \dots, x_{4i}) \sim \prod_{i=1}^n [f(\alpha + \beta_1 x_{1i} + \dots + \beta_4 x_{4i})]^{k_i} \cdot [1 - f(\alpha + \beta_1 x_{1i} + \dots + \beta_4 x_{4i})]^{1-k_i}$$

³⁸ Although a subject for another paper, this result suggests that the majority party in the legislature may matter more than the governor’s party – should they differ, of course.

Figure 10. Predicted Values: Share of Yearly States Budgets Dedicated to Public Infrastructure, 2001-2007

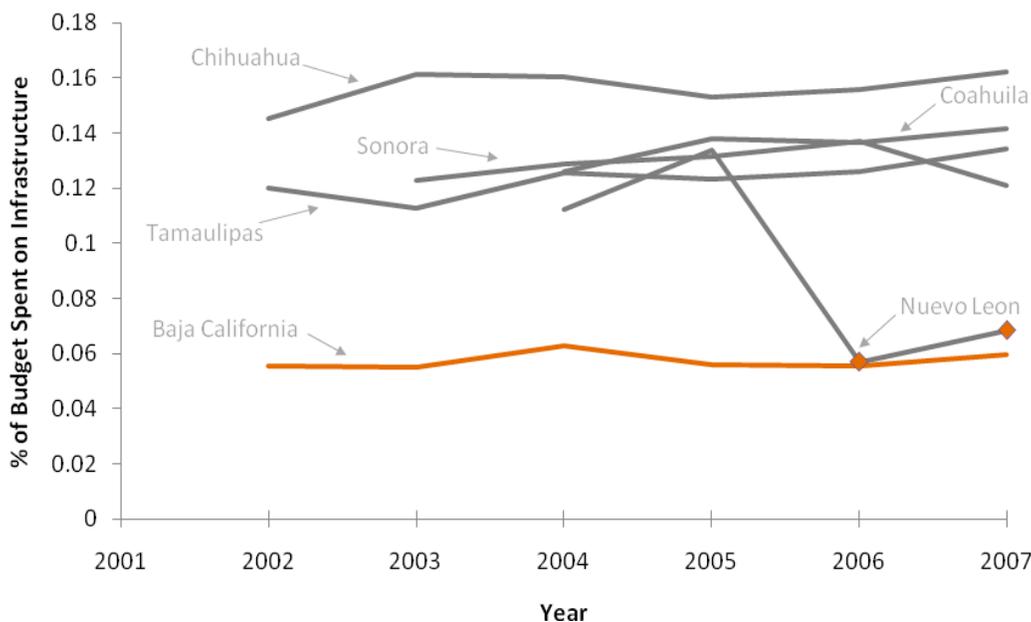


It is clear that PRI-governed states outspent the *panista* state of Baja California. What suggests that this effect is a product of the party-in-power and not something particular to Baja California is that the last two data points for Nuevo León represent years when the PAN held a legislative majority. They demonstrate that in contrast to the PRI, the PAN cases—regardless of state—all trend downward.

To further corroborate this finding, consider Model 2, where I examine the effect on the share actually *spent* on infrastructure in a given year. Although the statistical results for Model 2 are not as definitive as those reported for Model 1—“PRI Control” is only modestly significant—the party variable nevertheless outperforms the other three in terms of distinguishing its effect from zero. Moreover, the general pattern we observe in Figure 10—PRI governments outspending their PRI counterparts—also holds in Figure 11 where I graph predicted values for the budget share *spent*. In fact, the difference between the two parties is even greater as the budget share for *panista* Nuevo León drops all the way to the low spending levels of Baja California. What makes this even more notable is that both states, irrespective of the governing party, are home to major trading zones (Tijuana-San Diego and Greater Monterrey) and yet still allocate relatively few resources for infrastructure when the PAN is in office.³⁹

³⁹ An alternative explanation is that these two states have not required large investments since 2001 because of their proximity to the United States’ two largest state economies, California and Texas. That is, infrastructure designed for high volumes of trade may have in large part already existed to accommodate nearly two centuries of transit; on the other hand, the remaining Mexican border states largely consist of isolated desert regions and, until recently,

Figure 11. Predicted values: Share of Yearly States Budgets Spent on Public Infrastructure, 2001-2007



Corroborating the results presented in Figure 8, there is a stark difference in the way PAN and PRI governments spend.

4. Conclusion

Although the data is rather limited at this point, the results clearly indicate that the identity of the governing party—specifically, the legislative party—has a relatively robust effect on the share of budgetary resources dedicated to public infrastructure. What makes this surprising is that a difference exists at all. More specifically, there is a complaint common throughout Mexican politics that despite their ideological differences, all parties govern in the same manner. For example, empirical analysis of bill passage in Mexican state legislatures reveals that there is absolutely no difference in the way parties compel parliamentary support; they are all equally undemocratic (Gonzalez 2008). And yet, there is a substantive difference when public works are concerned. Furthermore, this difference runs in the face of ideological platforms espoused by the PAN. That is, the PAN has spent the past quarter-century promoting itself as a neoliberal party in favor of market-based policies. And in conjunction with its famously strong ties with U.S.

have not needed such complex infrastructure to meet their trade demands. While further research is necessary to confirm this alternative explanation, the observed differences in party spending are distinct enough in both models to support the interpretation favored here.

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business interests, one would expect far more enthusiasm by PAN governments to improve economic linkages with its northern neighbor. Clearly, however, this is not the case—at least not in terms of infrastructure spending.⁴⁰

Furthermore, these results have special resonance given the PAN's dismal performance during the 2009 elections when it ceded valuable ground to a well-organized and surging PRI. Not only did the PAN struggle to preserve its previous advances in the states, it also further jeopardized its hold over national politics by losing much of its representation in the federal legislature. Many expect this trend to continue, culminating in a PRI recovery of the presidency in 2012. Given these expectations, many today debate what a PRI revival might mean for the country's political life, as it was the PRI that held a near-monopoly over national and local governments for almost seven decades. Will a PRI revival mean a reversion back to the one-party state or has the PRI learned from its past aggressions and move forward in a more consensual fashion? And in terms of the current discussion, what impact will its resurgence have on developing the critical trading zone in the North? Regardless of the possibilities, the analysis presented here suggests that the PRI will likely give greater attention to the infrastructure necessary for developing the Mexican border region.

⁴⁰ In an October 2009 presentation to the California Chamber of Commerce, Governor Osuna of Baja California highlighted the importance of improved infrastructure, citing it as an “area of opportunity” (Source: <http://www.calchamber.com/headlines/pages/calchamberhostsgovernorofbajacalifornia.aspx>). And yet whether the state's PAN government has the political will to develop such ambitious projects—15 major works scattered throughout the state—remains to be seen as (1) Mexico's economic recovery in 2010 is doubtful and (2) the policies of the current PAN presidency continue to suffer nationally. Regarding the other PRI states, all have expressed similar desires to develop infrastructure even further, although any new efforts may have to wait until 2012 when the PRI regains control over the presidency and the federal legislature.

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Appendix

Table A.1. Demographic conditions in Mexico's Six Northern Border States

State	Capital	2005 Population	2005 GDP (current pesos)	GDP/Pop	Area (km ²)
Baja California	Mexicali	2,844,469	264,439,299.00	92.97	69,921
Chihuahua	Chihuahua	3,241,444	333,585,078.00	102.91	244,938
Coahuila	Saltillo	2,495,200	245,227,583.00	98.28	149,982
Nuevo Leon	Monterrey	4,199,292	559,053,307.00	133.13	64,924
Sonora	Hermosillo	2,394,861	204,608,504.00	85.44	182,052
Tamaulipas	Victoria	3,024,238	251,182,243.00	83.06	79,834
National Average	-	3,226,981	237,909,676.00	73.73	61,180

Source: *Instituto Nacional de Estadística y Geografía*, www.inegi.gob.mx.

Table A.2. Political conditions in Mexico's Six Northern Border States

State	Governor	Term	Party	Legislative Party Caucus
Baja California	Eugenio Elorduy Walther	2001 – 2007	PAN	12 seats, 48%
	José Guadalupe Osuna Millán	2007 - 2013	PAN	12 seats, 48%
Chihuahua	Patricio Martínez García	1998 - 2004	PRI	18 seats, 55%
	José Reyes Baeza	2004-2010	PRI	18 seats, 55%
Coahuila	Enrique Martínez y Martínez	1999 - 2005	PRI	15 seats, 45%
	Humberto Moreira Valdés	2005 - 2011	PRI	19 seats, 59%
				20 seats, 57%
Nuevo León	Fernando Canales Clariond	1997 - 2003	PAN	20 seats, 57%
	Natividad González Paras	2003 - 2009	PRI	24 seats, 57%
Sonora	Armando López Nogales	2003 - 2009	PRI	15 seats, 36%
	Eduardo Bours Castelo	1997 - 2003	PRI	20 seats, 48%
Tamaulipas				16 seats, 48%
	Tomas Yarrington Ruvalcaba	2003 - 2009	PRI	17 seats, 55%
	Eugenio Hernández Flores	2004 - 2010	PRI	14 seats, 44%

Source: *Instituto de Mercadotecnia y Opinión*, www.imocorp.com.mx.

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Table A.3. Summary of Variables Used to Estimate Partisan Effects on Public Spending

Outcome Variables	Definition	Sources
Share of Funds Allocated (Model 1)	Share of state yearly budgets dedicated exclusively to infrastructure/public works projects.	Public Registries published by each state government (available upon request)
Share of Funds Spent (Model 2)	Share of state yearly budgets spent exclusively on infrastructure/public works projects.	INEGI: www.inegi.org.mx

Explanatory Variables	Definition	Expectation	Sources
Share of Funds Allocated Lagged (1) year	-	Positive	-
PRI Control	1 = PRI controls legislature/executive; 0 = PAN controls legislature/executive.	Undetermined	CIDAC: www.cidac.org
Foreign Direct Investment Lagged (1) year	Amount of foreign direct investment for a given state, in millions US\$.	Positive	INEGI: www.inegi.org.mx
Election Year	1 = election year; 0 = otherwise.	Positive	CIDAC: www.cidac.org

Table A.4. Summary of Interview Subjects

State	Subject	Charge
Hidalgo	Irma Beatriz Chávez Ríos	Deputy, LIX
Tlaxcala	Faustino Blas Domínguez Méndez	Deputy, LVIII
Michoacán	Ana Lucia Medina Galindo	Deputy, LXX
	Manuel Duarte Ramírez	Deputy, LXX
Zacatecas	Emma Lisset López Murillo	Deputy, LIX
San Luis Potosí	Victoria Labastida Aguirre	Deputy, LVIII
Estado de México	Domitilo Posadas Hernández	Deputy, LVI
Guanajuato	Víctor Arnulfo Montes de la Vega	Deputy, LX
	José Gerardo de los Cobos Silva	Deputy, LX
	Ricardo Yáñez Herrera	Deputy, LXII
Chihuahua	Ricardo Yáñez Herrera	Deputy, LXII
Yucatán	Enrique Castillo Ruiz	Deputy, LVIII
Puebla	José Porfirio Alarcón Hernández	PRI Representative, IEEP; Federal Deputy, LIX
	Rafael Micalco Méndez	PAN President; Deputy, LVI
Morelos	Emma Margarita Alemán Olvera	Deputy, L