Electoral Coalitions and Market Reforms: Evidence from Argentina

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Electoral Coalitions and Market Reforms:
Evidence from Argentina

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ABSTRACT: Recent experiences with market reform in democratizing countries have generated interest in how structural and institutional factors contribute to the political viability of the reform process. This article thus examines the electoral dynamics of market reform in Argentina between 1989 and 1995, and provides insights into the way that economic differentiation and the territorial distribution of political resources can shape both the design of market reform and the coalitional bases for its political sustainability. The electoral viability of the governing Peronist party during the conflictual period of market reform was facilitated by regionally segmented patterns of electoral coalition-building, and by the regional phasing of the costs of market reform over time. Fiscal adjustment and market reforms were concentrated primarily on economically strategic regions, while public spending and political patronage in economically marginal but politically over-represented regions helped sustain support for the governing party. A conceptual distinction between "high maintenance" and "low,-maintenance" constituencies is thus introduced to shed light on interactions between patronage spending and market reform.
Statistical analyses contrast the social bases of Peronist electoral support in "metropolitan" and "peripheral" regions of the country during the period of market reform, and highlight public sector employment as a major determinant of the inter-regional variations in electoral support for the governing party.

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Introduction

Recent literature on economic reform in democratizing countries has stressed the search for the political determinants of successful economic reform programs (Haggard and Kaufman, 1994; Haggard and Webb, 1994; Remmer, 1991; Przeworski, 1991). While policy innovation, strategy, and choice took up much of the literature's attention in the past, recent works, such as Haggard and Kaufman's 1994 volume, have called for closer examination of the structural and institutional contexts which shape policy-makers' choices and the prospects for successful economic reform. In this spirit we examine the electoral dynamics of market reform in Argentina, and from this case study, provide insights into the way that structural and institutional contexts shape both the design of market reform and the coalitional bases for its political sustainability.

During its first term in office between 1989 and 1995 the Peronist government of President Carlos Menem carried out sweeping economic reforms that transformed the country's political economy and restructured political alignments. The content and scope of the economic reforms have received considerable attention. However, the electoral dynamics of the reform period have constituted one of the more enigmatic sides of the 1989-95 period. How did the Peronist party enact market reforms opposed by key historic constituencies while securing the political support necessary for electoral victories that culminated in the re-election of President Menem in May, 1995? The basic argument presented here is that the territorial organization of electoral politics had a marked impact on the

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political viability of the economic reform process. The electoral viability of the governing party--and hence the political viability of the market reform process-- was assured by regionally segmented patterns of electoral coalition-building, and by the regional phasing of the costs of market reforms over time. Argentina carried out one of the most orthodox market reform processes in Latin America. However, the implementation of economic reform was not a "one-shot" event; its intensity was not evenly distributed throughout the country, with similar patterns of winners and losers in all regions. Rather, the implementation of economic reform conformed to the need of the governing party to maintain winning national electoral coalitions.

The costs of the economic reform process were initially concentrated in the most urbanized and developed regions of the country. The country's less developed regions, poor in resources, but rich in votes for the governing party, were spared the more radical effects of fiscal adjustment and structural reform between 1989 and 1995. The Peronist party, through its links to regional structures of power in rural and less-developed parts of the country, availed itself of government subsidies and local clientelistic party networks to fashion winning regional electoral coalitions whose social compositions differed markedly from those that supported the party in the more electorally contested metropolitan regions. In sum, the key to Peronism's electoral success lay not in fashioning one winning electoral coalition, but an ensemble of winning regional electoral coalitions.

A central objective of the article is to explore how regional differentiation and the territorial organization of electoral politics affect the political viability of economic reform efforts. The analysis starts off

from the assumption that the realm of the political has a different territorial reach than the realm of the economic, and that this has an independent impact on key political outcomes. In the rough and tumble of electoral coalition-building, the disjuncture between the organization of political power and the distribution of economic power provides coalitional possibilities to governing parties which might not be predicted from the economic policies they pursue. The coalitions which guarantee the political survival of a governing party may not be the same as coalitions which are direct protagonists in its economic policy-making process.

Building electoral coalitions in support of market reform also depends on the manipulation of patronage and politically-oriented spending on electoral constituencies. In spite of occasional references to this subject in the literature on the politics of economic reform (Waterbury, 1992), it has been conspicuous for its absence in the recent theoretical literature on structural adjustment and market reform. Where it is mentioned it is done in negative terms (Haggard and Kaufman, 1994). However, pork barrel politics is a structural feature of most polities, and it is unlikely that in developing countries it should fade away as a tool for holding together political coalitions during periods of disruptive economic change.[1] Disregarding its importance may be neo-classically correct, but it undervalues a potentially key political ingredient to the sustainability of economic reform.

To shed light on the interactions between patronage spending and market reform we therefore suggest a conceptual distinction between "high-maintenance constituencies" and "low-maintenance constituencies."

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[1]See Heredia (1997) for a suggestive analysis of the enduring power of clientilism in post-market reform Mexico.

Given market reform objectives, high-maintenance constituencies will tend to have a high proportion of losers, and will thus require significant levels of subsidy or compensation in exchange for continued support during the reform period. The cost in required material benefits will tend to be incompatible with a successful market reform program. Low-maintenance constituencies, on the other hand, are less costly in terms of subsidy and patronage, or yield a political payoff to the reforming government in excess of their economic costs to the reform program.

Regarding the Peronist party, we begin by disaggregating the main regional components of the party's national electoral coalition. The party is seen as encompassing two distinctive sub-coalitions, a "metropolitan coalition" located in the country's most urbanized and economically-developed provinces, and a "peripheral coalition," located in the less-developed regions of the country.[2] The constituencies and political networks linked to the party differed considerably across regions: labor-based, economically strategic, and mobilizational in the metropolis, clientelistic, poor, and conservative in the periphery. Pursuing redistributive developmentalist economic agendas in the past had mobilized support from both state-dependent constituencies. With the onset of market reform, however, the Peronist government leaned on its low-maintenance peripheral coalition for political support while bringing the day of reckoning to its high-maintenance constituencies in the metropolitan

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[2]The term "metropolitan" means, in this case, more than "urban," although the relationships we describe later tend to vary according to urbanization levels. The term denotes the most dynamic and economically dominant regions of the country. For the purposes of operationalization the Argentine "metropolitan" region in this analysis includes all areas (urban and rural) of the federal district of the city of Buenos Aires, the province of Buenos Aires, and Sante Fe, Córdoba, and Mendoza provinces. The "peripheral region," by extension, encompases all areas (urban and rural) of the country's remaining 19 provinces. The distinction between "metropolitan" and "peripheral" coalitions is taken from Gibson (1997).

regions of the country. It did so keeping precarious state-dependent local economies afloat by postponing regional structural adjustments and maintaining flows of government financing to provincial governments. The "valley of transition" (Przeworski, 1991) of market reform was crossed by selecting which coalitional pillar of the party would bear the cost of economic reform and which pillar would be spared.

The Institutional Setting: The Political Weight of non-Metropolitan Regions in the Peronist Coalition

The bulk of Argentina's population and productive structure are located on and around an expansive and fertile plain known as the *Pampas* region. Argentina's largest city, the city of Buenos Aires, is a federal district encrusted in the agriculturally rich Buenos Aires province. The city of Buenos Aires is surrounded by a massive industrial and urban belt which makes the Greater Buenos Aires urban area the population and economic hub of the nation.[3] In addition, the Greater Buenos Aries urban area is one end of a string of three industrial cities which stretches to the city of Rosario, in adjoining Santa Fe province, and on to the city of Córdoba, the capital of Córdoba province. Together these three provinces account for 73 percent of total industrial production and 65 percent of the national population. If Mendoza, the country's fourth most prosperous and urbanized province is added, the total share of the "metropolitan" provinces industrial production and population rises to 78 and 70 percent respectively.[4]

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[3]With a population of nearly 11 million, the greater Buenos Aires area comprises one-third of the national population.
[4]Population figures taken from INDEC (1991); economic figures taken from INDEC (1994).

The demographic and economic clout of the metropolitan provinces have tended to place them--especially Buenos Aires-- at the heart of explanations of conflict and political development in Argentina. This metropolitan focus has led to an underestimation of the importance of non-metropolitan regions in the institutional power structure and the coalitional dynamics of the country's most important political parties.[5] Non-metropolitan provinces may only comprise 30 percent of the national population, but in the federal system of government their institutional representation has far exceeded their population. Until 1995 the peripheral regions held 40 of 48 seats in the Senate--83 percent of the total. This over-representation extended to the lower chamber of the congress, the Chamber of Deputies, where peripheral region provinces held 52 percent of the seats. While the Argentine Constitution of 1856 had established that seats in the Chamber of Deputies would be allocated proportionally to district population, the 1976-1983 military government introduced ammendments that bolstered representation of the traditionally conservative peripheral regions in that body. These ammendments added three additional deputies to each province beyond those allotted on the basis of population, and established that no province would be represented by less than 5 deputies. As a result, a congressional candidate in the city of Buenos Aires was required to obtain almost seven times the number of votes as those required by his counterpart in Tierra del Fuego (Cabrera, 1993, and Cabrera and Murillo, 1994). Finally, before the constitutional reform of 1994, presidential elections were decided in an electoral college which overrepresented the less populated provinces. With 30 percent of

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[5]In fact, studies that systematically examine the effects of the provinces on the workings of the Argentine federal system are rare. Notable exceptions in the North American literature are recent works by Mark Jones (1995 and 1997).

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the national population, the peripheral region provinces had over 50 percent of the Electoral College votes, 306 out of 610.[6]

This institutional overrepresentation meant that no national winning electoral or legislative coalition could be put together without the support of the regional structures of power in the periphery. It also meant that the periphery played a tie-breaker role of sorts to the often stalemated social and political conflicts wracking the metropolitan regions. Given the highly contested electoral contexts in the more developed and urbanized regions, the national party that won electorally would be that party that possessed institutional ties with the networks of regional power brokers capable of delivering the vote in the "interior" regions of the country.

The party that proved most successful at this task after the 1940s was the Peronist party. A look at Peronism's evolution provides a sense of the centrality of its own "peripheral coalition" to the party's electoral viability and national governing capabilities. Much has been made in the literature on Peronism about the party's reliance on the mobilizational and electoral clout of urban labor since its first ascent to power in 1946. But Peronism was more than an urban labor-based party. At the national level it harbored two distinctive regionally-based sub-coalitions. As important as its urban electoral machines were in economically advanced areas, its national electoral majorities were provided by party organization in backward regions with negligible proletarian populations and in rural

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[6]A 1994 Constitutional Convention enacted changes which went into effect in 1995, and somewhat reduced both the peripheral regions' overrepresentation and the Peronist party's advantage in the regions. Relevant changes agreed to by the governing party in exchange for a re-election clause for the president included the abolition of the Electoral College, which now makes population rather than territory determinative of presidential election outcomes. In addition, a third minority-party senator for each province was added to the National Senate, which lessened the Peronist party's hold over provincial delegations to that body. Many federalist provisions remain, however, including the over-representation of the provinces in the lower house of congress. The constitutional reforms went into effect after the period under study, and are thus not analyzed in this article.

electoral bastions throughout the country.[7] The fact was that Peronism fared far better electorally in such regions than in the urban areas where its powerful labor constituencies were located. Peronism's seeming invincibility at the polls--what came to be known by supporters and detractors alike as the "iron law" of Argentine elections--was due not to organized labor in the metropolis, but to its ties to clientelistic and traditional networks of power and electoral mobilization in the periphery.

The strength of Peronism's organizational and electoral presence in the poorer regions of the country proved an effective counter-balance to its more problematic electoral performance in urban regions, where social diversity and class conflict created a more contested political environment. In addition, the party's ties to regional structures of power in the periphery proved important to governability when the party was in power. Provincial governors and peronist-controlled provincial legislatures assured the party control of the national senate.[8] Peronist electoral dominance in the interior provinces also gave it the greater share of seats in the Chamber of Deputies from those provinces. And just as importantly, the existence of a peripheral coalition of political leaders, networks, and constituencies gave Peronist leaders an important counterweight to the metropolitan pillars of the party's organization. Internally, they provided leverage to national leaders against the demands of the metropolitan coalition. By delivering national electoral majorities and control over representative institutions they also gave party leaders the clout to enforce

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[7]A collection of essays in eds. Manuel Mora y Araujo and Ignacio Llorente (1980) analyzes the pivotal electoral role played by backward and rural regions in the generation of peronist electoral majorities between 1946 and 1973.

[8]In the pre-1994 constitution national senators were elected by provincial legislatures.

and implement vital decisions affecting the political economy of the country's metropolitan region.

A glance the Peronist party's control over representative institutions during the Menem presidency suggests that the peripheral coalition continued to play this important stabilizing role throughout the 1989-95 period of Peronist-led economic reform. In addition, the peripheral region's political weight in Menem's governing coalition during this period was augmented considerably by the Peronist Party's coalition-building with conservative parties. Provincial conservative parties play an important role in local politics in several provinces, and during Menem's first term in office became full partners in government, occupying high government positions, providing pro-government voting blocks in the Congress, and endorsing the president's re-election bid in 1995.[9]

The Senate, organized around the principle of territorial representation, was naturally the legislative branch where the peripheral coalition's political weight was greatest. During Menem's presidency the Peronist Party controlled the lion's share of seats from non-metropolitan provinces, a fact which gave it an overwhelming majority in the senate. This majority was turned into outright control of that body by the Peronist party's alliance with conservative provincial parties. The block of provincial parties functioned in effect as a pro-Peronist voting block during this period. The combination of Peronist senators and provincial party senators effectively gave president Menem a 78 percent majority of seats in the Senate.

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[9]The Peronist-Conservative alliance took place in both metropolitan and peripheral regions. See Gibson (1996).

Table 1
Composition of the Argentine Senate, 1992-95

	Metro Region	Non-Metro	Total	% of Seats
Peronist Party	5	25	30	63%
Radical Party	5	6	11	23%
Provincial Pties.	0	7	7	15%
Total	10	38	48	101%*

*Does not add to 100% due to rounding.
Source: Dirección de Información Parlamentaria, Argentine National Congress.

The key to the Menem government's control of the Senate lay in the Peronist Party's control over provincial governorships and provincial legislatures, which, under the pre-1994 constitution, determined the composition of the national Senate. Between 1989 and 1991 the Peronist Party controlled 17 out of 22 provincial governorships. Between 1991 and 1995 it controlled 14 out of 23 governorships.[10] However, the increase of governorships controlled by conservative provincial parties ensured that the number of pro-Peronist governors would stay largely constant between these periods.[11] On average, 87 percent of all governors in office during the 1989-95 period were allied with the national governing party.

The Peronist Party's control over provincial legislatures was no less impressive. For example, during the 1993-1995 period the Peronist Party held an outright majority in 15 out of 23 provincial legislatures.[12] In

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[10]During this period the territory of Tierra del Fuego was made a province, increasing the total number of provinces to 23.

[11]Three provincial parties controlled provincial governorships between 1987 and 1991; five controlled provincial governorships between 1991 and 1995. See Fraga (1995).

[12]This includes both bi-cameral and uni-cameral legislatures.

addition, conservative provincial parties controlled three additional provincial legislatures.

Control of the periphery thus meant that the Peronist Party could rely on local structures of political power to ensure support for Peronist Party rule throughout the country. Even more importantly, it permitted knitting together a pro-government national Senate that gave vital support to the enactment of the governing party's economic reform policies.

The regional allocation of seats in the national Chamber of Deputies is meant to more accurately reflect national population distributions. Nevertheless, over-representation of smaller provinces also gives the peripheral region a slight advantage over metropolitan provinces. With 30 percent of the population the non-metropolitan provinces hold 45 percent of the seats. As can be seen in Table 2, this over-representation, coupled with the Peronist Party's electoral strength in those regions, worked to the advantage of the Peronist Party during Menem's presidency.

Table 2
Composition of the Argentine Chamber of Deputies, 1993-1995

	Metro Region	Non-Metro	Total	Percentage
Peronist Party	69	59	128	50%
Radical Party	49	34	83	32%
Conservative/ Provincial	8	21	29	11%
Other*	16	1	17	7%
Total	142	115	257	100%

*Includes Center-Left parties and MODIN, a right-wing anti-market reform party founded by ex-military officers, and one deputy from MID a Radical party splinter; all Center-Left and MODIN deputies were from metropolitan provinces.
Source: Fraga (1995).

The Peronist Party dominated other parties in both metropolitan and non-metropolitan delegations to the lower house of Congress. Yet its near-majority in the Chamber of Deputies owed much to its edge in seats from non-metropolitan provinces. The ruling party controlled 51 percent of seats from those provinces, compared to 48 percent of seats from metropolitan provinces. Furthermore, it was in the peripheral regions where the Peronist alliance with conservative provincial parties gave the ruling party its lock on the legislative body. Together Peronists and provincial parties controlled 70 percent of the non-metropolitan delegation to the Chamber of Deputies, compared to 54 percent for the Peronist-conservative blocks from metropolitan provinces. In sum, even in the Chamber of Deputies the peripheral coalition delivered greater political leverage to the ruling party than its population size would have indicated. With 30 percent of the electorate peripheral provinces gave the Peronist-provincial party alliance a total of 70 seats in the Chamber of Deputies. The metropolitan region, with 70 percent of the electorate, yielded a total of 77 seats.

In sum, the peripheral coalition played an important political role in bolstering the governing capabilities of the Peronist Party. It gave the party electoral majorities it needed to win national elections, and it gave it legislative majorities and access to regional power structures that helped it govern effectively. Although its constituencies lay largely outside the major conflicts and decisions surrounding national economic policy-making--this would fall more heavily on metropolitan constituencies--the peripheral coalition was not merely a residual coalition. It was a pivotal to maintaining the party's political viability, and would, in the early 1990s, provide a buttress of support to the Menem government as it brought the day of reckoning to the party's traditional constituencies in the metropolis. To understand how this feature of the party's political organization interacted with the implementation of economic policy, we now turn to the regional phasing of market reform during Menem's 1989-1995 presidential term.

III. The Staging of Market Reform: Adjustment for the Metropolis, Continuity for the Periphery

When Carlos Menem assumed office in July 1989 Argentina was in the midst of acute economic and political crisis. Hyperinflation levels soared to almost 200 percent per month, civil disturbances wracked several cities, and President Raúl Alfonsín, recognizing his government's collosal loss of political authority, handed power to his successor several months before the official transfer of power had been scheduled to take place.

President Menem himself had come to power on vague but clearly expansionist and populist economic promises to a crisis-weary electorate. His quick and surprising embrace of free-market reform thus produced shock and indignation among his supporters and cautious optimism among

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traditional anti-Peronist constituencies in the business community and urban middle classes. Early in his term, Menem was granted extraordinary political powers by the congress to enact his reforms. Congressional sanction of two laws, the *Ley de Emergencia Económica* (Economic Emergency Law), and the *Ley de Reforma del Estado* (Reform of the State Law), gave the president powers of decree to enact the main components of his economic reform program. This led to sweeping measures that, by 1993, culminated in the elimination of well over half a million jobs from the national public sector, the privatization of most state-owned enterprises, and an unprecedented decentralization of public administration.

The most vigorous opposition came from sectors of the labor movement and from metropolitan Peronist Party politicians. Within the first year of Menem's presidency the labor movement divided into pro-and anti-government camps, and defections by Peronist Party leaders produced the beginnings of an organized opposition of Peronist dissidents.[13] Menem's response to this opposition by metropolitan constituencies was to weaken union opposition through the cooptation and division of union leaders, and to reach out to non-Peronist forces in the business community and the political establishment. Policy-based alliances with business and electoral alliances with conservative parties would counter the turmoil in the metropolitan Peronist ranks. The taming of inflation eventually also helped generate new support for the government in contested metropolitan regions. However, this would not happen until nearly two years into

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[13]Early in Menem's presidency dissident Peronist leaders formed an opposition front known as the "Group of Eight." This eventually evolved into a broader opposition front known as the *Fente del País Solidario* (FREPASO), which challenge president Menem in the 1995 elections. For analyses of labor movement reactions to Menem government policies see Murillo (1995) and McGuire (1997), Chapter 8.

Menem's presidency, when, after the bulk of the state reform measures had been passed, a 1991 "currency board" law produced an immediate and lasting decline in inflation levels.[14]

Nationally, turmoil in metropolitan regions was countered by steady political support from the interior regions of the country. The strength of peronist party organization in those regions, the local weakness of organized labor, and President Menem's own connections to the peripheral coaltion, helped maintain this support.[15] However, political support in the periphery was also due to the regionally-differentiated effects of economic reform, and to a staging of fiscal adjustment and state reform which delayed the distribution of their costs to peripheral regions until well after the 1993-94 period. Only after 1994, once the major adjustments in the metropolitan economies had been made, and once the local political dividends of these adjustments began to be collected, did the national government turn its attention to reform of the provinces.

During the 1989-93 period political support from the peripheral coalition was maintained by the central government in two key ways: postponing public sector employment cuts in the provincial public sectors, and maintaining subsidy flows from the central government to provincial government coffers.

The Menem government's state reform agenda during this period was limited to restructuring the national public sector while leaving the provincial public sectors largely intact. A look at employment changes in both levels of the public sector between 1988 and 1992 captures both the

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[14]For an analysis of the currency board law and the internal tensions in the Menem coalition, see Stark (1996).

[15]Menem himself was the ex-governor of La Rioja province, one of the poorer provinces of the northwest region of the country.

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drastic cuts in the national public sector employment and the continuity of employment levels in provincial governments. Over half a million jobs were eliminated from the national public sector payroll during this period, representing a 57 percent cut in national public employment. Employment levels in the provincial public sectors, however, remained largely intact.[16]

Table 3
Change in Employment Levels in the Argentine Public Sector, 1988-1992
(Number of Employees)

	National Public Administration	Public Enterprises	Total National Public Sector	Provincial Public Sector*
1988	604,629	305,288	909,917	915,556
1989	638,054	299,385	937,439	923,619
1990	671,479	293,482	964,961	929,443
1991	581,539	194,742	776,281	929,443
1992	284,215	109,686	393,901	1,238,874

Source: World Bank (1993), p. 308.
*Includes municipality of the city of Buenos Aires

Deferring the reform of provincial public sectors had the effect of concentrating the bulk of costs of the early years of state reform on the areas where most national public sector employees are located: urban areas, and particularly the urban areas of the metropolitan region. In urban areas of peripheral provinces the political effects of the reduction of the national public sector workforce was tempered by the greater weight of provincial public employment as well as by the relative importance of rural

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[16]The official figures displayed in Table 3 represent the number of people officially removed from the national public sector payroll. As such, they should be interpreted with some caution. Nearly 200,000 jobs were removed as a result of privatization of public enterprises. While we were unable to obtain data on this, it can be assumed that a share of these jobs eventually remained in the private sector and were not eliminated. In addition, some national public sector functions, particular in health and education, were transfered to provincial public sectors, resulting, again, in a transfer, rather than an outright loss, of jobs. This transfer accounts for much of the increase in provincial public sector jobs in 1992 listed in Table 3. Nevertheless, at the very least, these figures reflect a massive cut in national public sector employment spending, as well as a significant disruption of public sector employment patterns. For a critique of the Menem state reform program which both details the program empirically and criticizes the government's job-downsizing claims, see Orlanski (1994).

populations, which were largely untouched by the national government's state-shrinking policies.

The effect of this segmentation of state-reform costs was to limit most organized opposition to economic reform to metropolitan urban regions during the first four years of the Menem administration. Urban protest in peripheral regions would not break out until after 1993-- following the signing of two agreements between the national government and provincial governors, known as the *Pacto Federal* (Federal Pact) and the *Pacto Fiscal* (Fiscal Pact), which committed provincial governments to a coordinated program of fiscal adjustment and local public sector reform. Even these reforms, however, were tentatively implemented, and in most provinces their effects on unemployment and economic activity were not felt until after the May 1995 presidential elections.[17] Where they were felt, the political consequences, in terms of civil disturbances and electoral costs, were limited to provincial urban areas.[18] The administrative machinery of clinetilism and political control in the rural areas of the periphery were largely unaffected by the reforms emanating from the national government.

The second tool for deferring the costs of economic reform in the periphery was to maintain federal government subsidies of provincial government expenditures during the 1989-93 period of state restructuring. All provinces have a substantial share of their public expenditures

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[17]This was admitted in a 1994 Ministry of the Economy report which, reflecting upon the impact of prevailing "political methodologies" on the reform process in the provinces, anticipated that "the structural transformations of the public sector will undoubtedly be delayed by the election year, a situation which makes necesary and possible savings unlikely." Ministry of the Economy (1994), 15.

[18]In a handful of provinces, notably the northern provinces of Santiago del Estero and Chaco, civil disturbances broke out following initial efforts at local state reform in 1994. However, these were limited to the capital cities, as were the disturbances in late 1995 (well after the May presidential election) in San Luis province, and consisted largely of public sector workers.

subsidized by the national government. Resource transfers to provincial governments from the national government take place through various discretionary and institutionalized channels, including direct investments in public works, health, or education, or through a regional redistributive mechanism favoring the poorer provinces known as "co-participation," which establishes an automatic system for sharing tax revenues collected at the federal level.[19]

While federal funding is important to all provinces, the greater dependence of peripheral region economies on the national state can be seen in Table 4, which contrasts subsidy patterns in metropolitan and peripheral provinces. Total public spending in individual metropolitan provinces greatly exceeds that for peripheral region provinces, but peripheral provinces have a much larger share of their budgets subsidized by the federal government. Approximately 43 percent, on average, of metropolitan provincial budgets were subsidized by the federal government, mostly through the institutional mechanism of co-participation. On the other hand, on average 78 percent of expenditures of non-metropolitan provinces were financed by the national government, from co-participation funds as well as national discretionary funds (Inter-American Development Bank, 1994).

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[19]For details on central government revenue sharing arrangements with the provinces, see Inter-American Development Bank (1994), and World Bank (1993).

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Table 4
## Indicators of Provincial Expenditures and Employment

Province	Unemployment Growth: 1989-1995	Public Employees as % of Total Employment, 1990	% of Provincial Budget Financed by Federal Govt., 1994	Total Public Spending, 1994 (Millions, U.S. $)	Change in Peronist Presidential Vote 1989-1995
Federal District	9.10	16.16	6.16	2,837	5.20
Buenos Aires	12.60	14.96	46.04	7,569	1.90
Córdoba	6.40	16.45	55.16	2,358	3.60
Mendoza	2.40	17.97	58.57	1,161	9.90
Santa Fe	6.50	16.67	52.28	2,156	-4.80
Metro (mean)	**7.40**	**16.44**	**43.64**	**3,216**	**3.16**
Catamarca	2.00	38.28	90.88	446	-3.60
Corrientes	7.20	23.28	85.71	600	3.90
Chaco	4.10	18.47	87.97	757	5.10
Chubut	2.90	25.13	79.98	508	14.40
Entre Rios	2.80	21.76	70.74	982	-5.40
Formosa	-3.80	26.06	92.44	554	-8.50
Jujuy	5.60	27.11	74.46	645	1.10
La Pampa	2.30	20.56	62.59	419	-1.20
La Rioja	5.20	40.05	84.04	477	9.50
Misiones	3.50	14.43	82.35	647	-3.20
Neuquen	8.10	28.57	68.55	912	14.30
Rio Negro	3.70	21.43	66.16	719	-3.20
Salta	10.60	22.41	71.14	801	12.90
San Juan	5.20	22.91	82.97	707	11.40
San Luis	3.20	21.62	76.19	476	5.40
Santa Cruz	2.40	45.45	76.30	491	3.70
Stgo. del Estero	.00	21.98	85.63	710	-.30
Tierra del Fuego	-.20	32.76	71.58	390	18.40
Tucumán	7.30	22.38	76.42	921	4.20
Periph. (mean)	**3.79**	**26.04**	**78.22**	**640**	**7.63**

Sources: 1990 figures, INDEC (1991); 1994 figures, Ministry of the Economy (1995); unemployment figures, INDEC (1995); electoral figures calculated from data supplied by the Ministry of the Interior.

By maintaining federal subsidy levels to the provinces the Peronist government enabled provincial administrations to postpone the costs of economic reform and sustain employment policies throughout the 1989-94 period. As figure 1 suggests, the more heavily subsidized but less costly provinces in the periphery experienced smaller increases in unemployment than their less-subsidized metropolitan counterparts.

Figure 1
Unemployment Growth and Central Government Subsidies to Provincial Governments: 1989-1995
R= -.517

% Expenditures Financed by Federal Government
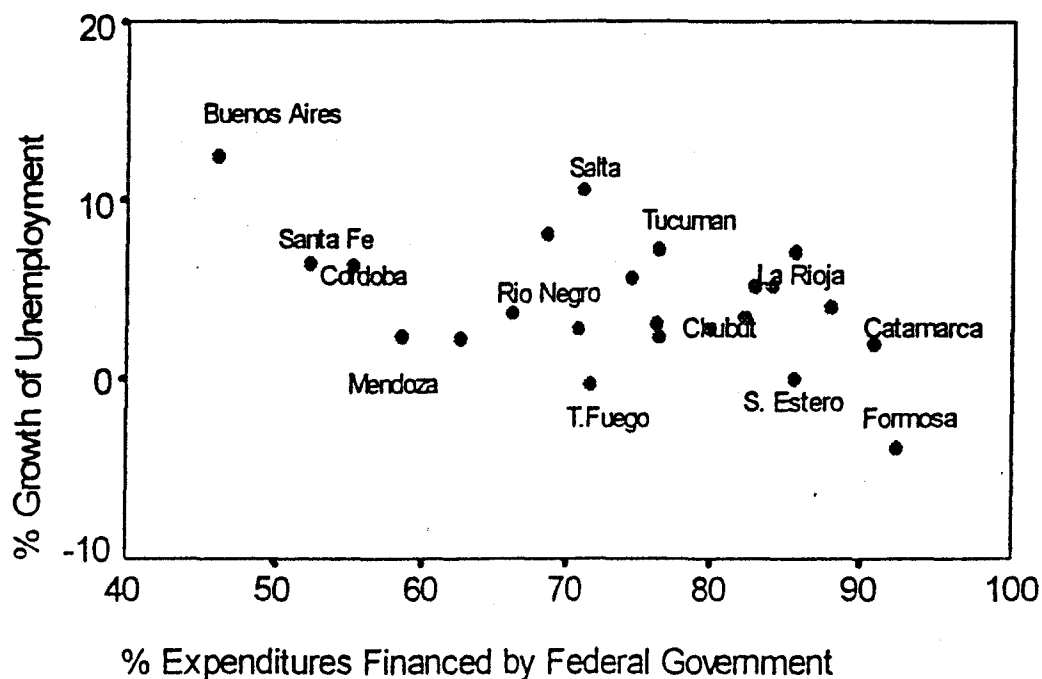
Thus, public employment and spending, while shrinking for high-maintenance constituencies in the metropolis, helped maintain systems of patronage and clientelistic relations that for generations had maintained order in the periphery and which now undergirded key networks of political support for the Peronist party. The Peronist formula for building political support during the early years of economic reform thus employed different logics across regions. In metropolitan regions the party lost support from traditional constituencies and gained new support from traditionally anti-Peronist constituencies in the business community and

affluent sectors of the electorate through its market reforms and successful quest for price stability. Gains were made from successful policies but transitional costs imparted considerable uncertainty to Peronist party prospects in the region. This turbulent picture contrasted with a calmer situation in the politically strategic periphery, where the gains of price stability were not accompanied by the costs of dismantling state-funded local economies. Price stability *cum* state patronage for low-maintenance regional constituencies undergirded the Peronist party's political strategy in a vast region of the country which played a crucial part in ensuring governability in the political system. Economic costs to the reform process from this strategy would be more than compensated by the payoff in political support from low-maintenance constituencies in the state-dependent economies of the periphery.

The Socio-Electoral Dimensions of Market Reform: Statistical Analyses

What were the keys to the Peronist Party's electoral performance during the 1989-95 period of economic reform? To test our hypothesis that the regional staging of economic reform permitted the Peronist Party to maintain the electoral support of peripheral coalition constituencies, and thus ensure a national electoral majority in the 1995 presidential elections, we conducted two analyses. The first was an OLS regression analysis which measured the impact of different socio-economic groups on the electoral growth of the Peronist party between 1989 and 1995 at the electoral department level. The second was a logistic regression which estimated the likelihood that the Peronist party would achieve a simple majority --50 percent of the vote or more-- given the weight of different socio-economic groups in different electoral departments.[20]

There are 520 electoral departments in 23 Argentine provinces. By shifting the geographic unit of analysis from the provincial level to the electoral departament level, we were able to increase the number of cases to over 500 and were thus able to minimize distortions due to ecological analysis.[21] The dataset was constructed from socio-economic information

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[20]This is a more conservative measure than what was actually required for a party to achieve an "electoral majority" in the Argentine presidential elections of 1995. Under the 1994 constitution an electoral majority (that which would be required to avoid a runnoff election) was set at 45 percent (or 40 percent with a ten point lead over the closest opponent).

[21]The use of ecological data generally requires justification due to the statistical biases it could bring to the analysis. In our case, the arguments for selecting of this type of data are twofold. First, as usual, availability is an important factor. Currently, there exist no survey data that could be used to assess the behavior and impact of different actors and groups in rural areas. Similarly, there is almost no survey data available for towns and small cities. As Juan Manuel Villar (1995), an Argentine polster and social scientist asserted on the eve of the 1995 elections, those areas constitute "the dark side of the moon" for the Argentine polling community. Second, the logic of the argument we provide could be understood in terms of a "contextual study," in which the departamental electoral performance of the peronist party constitutes the unit of analysis. This said, however, drawing inferences regarding the behavior of specific social actors from this type of analysis is unavoidable. The Logistic Regression model presented in Table 4.2. provides a non-linear tool similar to the quadratic solution to the problems of ecological analysis proposed by Achen and Shively (1995). We also compared our analyses with surveys carried out by the SOFRES-IBOPE

provided by Argentina's national census bureau, the *Instituto Nacional de Estadísticas y Censo (INDEC)*, and from electoral data provided by the Argentine Ministry of the Interior's *Dirección Nacional de Estadísticas Electorales.*

The OLS equation (dependent variable: Yt) and the logistic regression (dependent variable: Prob (Yt)) have the form:

$$Yt, \text{Prob (Yt)} = b_0 + UN\ X_1 + PSE\ X_2 + R\ X_3 + BUN\ X_4 + MG\ X_5 + IL\ X_6 + SE\ X_7 + ST\ X_8 + WOE\ X_9 + DW\ X_{10} + FW\ X_{11} + e$$

Whereas, in the OLS analysis Yt= the change in the Peronist vote percentage between 1989 and 1995, and in the logistic regression Prob (Yt)=the probability that the Peronist party will achieve a simple majority in 1995. UN=% of the economically active population that is unemployed in the department. PSE= Public sector employment as represented by the % of the economically active population that are public employees in the department. R= % of the economically active population that are retirees on pension in the department. BUN= % of the population with unsatisfied basic needs. MG= % of the economically active population that have Managerial positions. IL= % of the population that is illiterate. SE= % of the economically active population that is self employed in the department. ST= % of the economically active population over fourteen that are students. WOE= % of the population in homes without electricity. DW= % of the economically active population that work as wage-earning

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domestic workers. FW= % of the economically active population that are non-wage family workers.[22]

The expectations of the analysis were that the electoral coalitions supporting the Peronist party would look different in the "peripheral" regions than in the "metropolitan" regions. Our first set of expectations centered on the impact of socioeconomic categories most visibly affected by the process of economic reform: unemployment, public sector employment, and populations dependent on government pensions. We expected the electoral effect of unemployment to be negative across both regions. However, we expected "public sector employment" to have a positive effect on Peronist party growth in the periphery, where relatively little public sector reform had been carried out, and a negative effect in metropolitan departments which had borne the brunt of national public sector downsizing. Thus, while we anticipated that unemployment would have negative electoral effects across regions, it was in metropolitan departments that the combination of public sector restructuring and increasing unemployment was to most negatively affect the Peronist party. According to these assumptions, higher proportions of public sector employees should be associated with winning coalitions in the peripheral areas and losing coalitions in the metropolitan areas.[23]

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[22]Descriptive statistics for all variables are provided in the appendix. Most ocupational variables included in the dataset were incorporated into the analysis in order to prevent the key variables under scrutiny from overrepresenting their impact. Due to multicollinearity, some ocupational variables do not achieve statistical significance. Nevertheless, the slope estimates are unbiased.

[23]Public sector employment levels within peripheral and metropolitan regions are relatively constant across levels of urbanization, although they are consistently higher in peripheral regions. In metropolitan provinces average levels of public sector employment, as a percentage of the economically active population, are 15.4 percent in high-urbanization departments, 16.9 percent in medium-urbanization departments, and 16.5 in rural departments. For peripheral provinces the percentages are 26.1 for high-urbanization departments, 19.6 for medium-urbanization departments, and 23.6 for rural departments.

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Retirees on pension were among the socioeconomic groups most negatively affected by the Menem government's program of economic restructuring. Thus, it was expected that, as with unemployment, the presence of retirees would have a negative impact both on the electoral growth(Yt) and electoral probabilities(Prob(Yt)) of the peronist party accross both regions. However, it was also expected that, due to their relatively small size in non-metropolitan departments, their importance as an anti-Peronist force would be concentrated in metropolitan areas.

Both managers and higher education students are among those groups in which we expected a shift from its traditionally anti-peronist impact to significant and positive estimators for both the change in voting behavior and its impact in the formation of a winning coalition. Finally, structural poverty sectors have been traditionally peronist and we expected them to remain loyal to the party throughout the economic reform process. In addition to their party loyalty, they also benefit from price stability and tend not to be directly affected by public sector restructuring. Thus, we expected this sector to have a positive and significant impact in achieving a majority and experience little change in its voting behavior from 1989 to 1995.

Statistical Results

Table 5 summarizes the results of the OLS regression measuring the impact of these socio-economic variables on the Peronist party's presidential vote change between 1989 and 1995. The results support our scenario of a staged economic reform process linked to regionally-differentiated electoral coalitions.

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Table 5: Ordinary Least Squares Estimates of Regional Electoral Impact of Selected Socio-Economic Variables on Growth of Peronist Vote, 1989-1995

Independent Variables	Metro High Urbanization	Metro Medium Urbanization	Metro Rural	Periphery High Urbanization	Periphery Medium Urbanization	Periphery Rural	All Regions
Constant	37.285* (19.620)	36.783** (16.574)	24.793* (9.598)	8.616 (25.809)	21.621 (16.663)	-5.055 (6.554)	5.854 (4.501)
Unemployment (UN)	-2.676*** (.697)	-1.712* (1.015)	.680 (.571)	1.770 (1.219)	-.792 (.554)	-.481 (.387)	-.504** (.220)
Public Sector Emplmt. (PSE)	-.0072 (.387)	-.219 (.184)	.0015 (.161)	-.176 (3.79)	.544** (.233)	.515** (.080)	.412*** (.057)
Retirees (R)	-1.810** (.726)	-1.651*** (.468)	-.978 (.255)	.0027 (.635)	-.939* (.485)	-.825*** (.248)	-.638*** (.147)
Basic Unsatisf. Needs (BUN)	.332 (.429)	-.221 (.262)	.208 (.183)	-.437 (.506)	-.444 (.277)	.0001 (.077)	.0056 (.061)
Managers (MG)	.368 (.991)	.0096 (.511)	-.279 (.395)	.0073 (1.482)	.547 (1.043)	.317 (.358)	.469** (.215)
Illiteracy (IL)	-2.874** (1.28)	-1.286 (.773)	-1.075** (.477)	-.797 (1.566)	.286 (.738)	.382** (.181)	.175 (.143)
Self Employed (SE)	.660 (.410)	.0024 (.236)	.0043 (.179)	-.885 (.685)	.333 (.327)	.178** (.106)	.281*** (.081)
Students (ST)	1.235 (1.084)	2.535* (1.3)	-.892 (.764)	1.171 (1.188)	-2.465*** (.666)	-.696** (.314)	-1.191*** (.213)
W/out Electricity (WOE)	.762 (.467)	.0034 (.295)	-.134 (.142)	.285 (.411)	.0096 (.254)	-.0061 (.062)	.0068 (.050)
Wage Domestic Wkrs. (DW)	-2.055** (.862)	-1.594* (.839)	.710 (.493)	-1.067 (1.061)	.434 (.753)	.351 (.428)	-.198 (.244)
No-wage Dom. Wkrs (FW)	-1.869** (.754)	-.254 (.654)	-.0099 (.263)	1.081 (.647)	-.486 (.359)	-.009 (.132)	-.118 (.106)
F	4.497	2.4	3.299	1.685	3.688	6.002	10.941
R-Squared	.518	.392	.381	.537	.448	.277	.213
N	58	53	73	32	69	209	491

Note: Entries are unstandardized regression coefficients with standard errors in parentheses.
* p<.10, two-tailed test; ** p<.05, two-tailed test; *** p<.01, two-tailed test.

Particularly relevant is the positive impact on Peronist party growth of the public sector employment variable in rural and medium urbanization

departments of the peripheral region. It highlights the electoral value of public employment in that region, and suggests continued Peronist reliance on clientelistic structures of electoral mobilization for its expansion. The impact of the public sector variable on the Peronist vote in the metropolis was negative, although contrary to expectations, it was not statistically significant.[24]

As expected, unemployment and retirees on pension had a negative impact on Peronist party growth in both metropolitan and peripheral areas, although their effects were more pronounced in the metropolitan region. Also noteworthy, and suggestive of shifts in the party's historic social coalition, was the apparent pro-Peronist leaning of such sectors as those represented in the analysis by the "managers" and "students" variables (the latter primarily in metropolitan regions).

Table 6 presents the results of the Logistic Regression which predicts the likelihood that the Peronist party would achieve a 50 percent majority given the impact of these socio-economic variables. The resulting logit coefficients should be read in terms of changes in the *log-likelihood that the peronist party would achieve a simple majority in the department given the impact of the X1 variable*. While logit coefficients are not directly interpretable as probabilities, the impact of the variables can be judged in terms of their direction and relative magnitude.

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[24]It was, however, significant in analyses that included only departments in the major urban areas of Buenos Aires, Rosario, and Córdoba. However, to maintain consistency in the cases used in this article, we limit ourselves to presenting analyses for the more broadly-defined "metropolitan region" presented above. We have also chosen to display results for metropolitan and peripheral regions according to "high," "medium," and "low" urbanization. This provides a view of intra-regional variations according to urbanization levels which show similar tendencies in both regions, although pro-Peronist biases tend to be consistently sharper across urbanization levels in peripheral departments.

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Table 6: Impact of Different Socio-Economic Variables on Peronist Party Probabilities of Winning a Simple Electoral Majority by Electoral Department, 1995 Presidential Elections
(Logistic Regression)

Independent Variables	Metro High Urbanization	Metro Medium Urbanization	Metro Rural	Periphery Medium Urbanization	Periphery Rural	All Regions
Constant	47.89*** (18.12)	10.48 (7.84)	10.00* (5.49)	18.48*** (6.36)	3.917 (1.609)	5.27*** (1.16)
Unemployment (UN)	-2.07** (.92)	-1.823** (.72)	.3255 (.2877)	-.025 (.152)	-.068 (.102)	-.049 (.055)
Public Sector Emplmt. (PSE)	-.65* (.35)	-.0255 (.07)	-.1497* (.0845)	.016 (.053)	.074*** (.023)	.034** (.015)
Retirees (R)	-.5743 (.55)	-.2805 (.189)	-.1624 (.1239)	-.184 (.145)	.0043 (.07)	-.086** (.037)
Basic Unsatisf. Needs (BUN)	.0124 (.3354)	.389** (.178)	.1818* (.093)	-.252*** (.096)	.0056 (.02)	.016 (.016)
Managers (MG)	-1.02 (.631)	-.19 (.21)	-.3038 (.2051)	-.498 (.3497)	-.226*** (.085)	-.187*** (.055)
Illiteracy (IL)	-.1374 (1.28)	-1.15** (.539)	-.7567** (.3025)	-.472* (.249)	-.098** (.047)	.130*** (.038)
Self Employed (SE)	-.6204* (.333)	.0257 (.1193)	-.0396 (.0912)	-.113 (.098)	-.033 (.028)	-.18 (.021)
Students (ST)	1.05 (.888)	.5251 (.57)	-.4121 (.4040)	-.389* (.221)	-.311*** (.089)	-.302*** (.058)
W/out Electricity (WOE)	.094 (.265)	-.2185 (.1416)	-.1404* (.0821)	.319*** (.102)	.009 (.016)	-.005 (.013)
Wage Domestic Wkrs. (DW)	.6515 (.6538)	-.2201 (.386)	.1399 (.2278)	-.2775 (.245)	-.0578 (.111)	-.057 (.062)
No-wage Dom. Wkrs (FW)	-1.99** (.803)	-.0374 (.2873)	.1226 (.1209)	-.298** (.125)	.031 (.035)	-.002 (.027)
Chi-Square d.f.11	55.54***	27.16***	20.24**	27.14***	52.85***	89.68***
-2 Log Likelihood	23.756	42.003	80.617	59.88	214.63	590.955
Goodness of Fit	42.012	40.251	66.483	56.891	196.17	485.708
Cases Correctly Predicted	91.38%	79.25%	69.86%	73.53%	73.43%	70.06%
N	58	53	73	69	209	491
Modal Value	0	0	0	0	1	0
Frequency	57.6%	64.2%	53.4%	66.2%	65.2%	50.4%

Note: Entries are unstandardized regression coefficients with standard errors in parentheses.
* p<.10, two-tailed test; ** p<.05, two-tailed test; *** p<.01, two-tailed test.

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According to the results of this analysis, the "public sector" variable had the strongest impact on Peronist electoral prospects, followed by unemployment, retirees on pension and populations with basic unsatisfied needs.[25] Except for managers, which were expected to have a closer to null or positive impact in achieving a peronist electoral majority, and basic unsatisfied needs, which was expected to have a more pronounced and positive statistical effect, the remaining variables performed as expected.

The regional expected probabilities are summarized in Table 7. They suggest that the likelihood of achieving departamental majorities was above 50% in the peripheral areas and below 50% in the metropolitan areas, providing further support for our hypothesis of a link between the regional staging of economic reform and the Peronist party's ability to win an electoral majority in 1995.

Table 7: Peronist Party's Estimated Probability of Achieving a Simple Majority By Region and Level of Urbanization: 1995 Presidential Election

	High Urbanization	Medium Urbanization	Rural
Metro	39.31%	21.62%	44.56%
Periphery	n.a.	86.60%	71.93%

Note: n.a.=Not enough cases to estimate. N for each sample listed in Tables 5 and 6.
Socioeconomic variables were averaged by region and area to estimate these probabilities. National estimated probability=86.81%.

To shed further light on contextual dynamics which lie behind the peripheral bias of the Peronist party coalition, we now examine the interaction between the public sector employment variable and the

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[25] For calculating the relative weight of each variable the logistic coefficients listed in Table 6 should be multiplied by the mean values provided in the appendix. Thus, while the Public Sector coefficient is not by itself the largest, when multiplied by the size of the public sector within the economically active population its logistic Z value is among the largest.

unemployment variable (the two highest-impact variables in the analysis presented in Table 6) in shaping the Peronist party's chances of winning electoral majorities. Growing unemployment became a major political problem for the Peronist party during the Menem presidency, and it dominated public debate and opposition attacks against the government during the 1995 presidential campaign. In spite of steady GDP growth rates that averaged over 6 percent per annum between 1992 and 1994, unemployment rose from historic averages of less than 5 percent prior to 1989 to an unprecedented 20 percent in 1995.

Our findings suggest that unemployment was costly to the Peronist party's electoral prospects in all regions, but that much of the difference in its electoral performance, both within metropolitan and peripheral regions and between them, was mediated by the effect of the public sector variable. That is, in both metropolitan and peripheral region departments, high levels of unemployment reduced the Peronist party's probabilities of attaining an electoral majority. However, when the size of the public sector is introduced to the analysis Peronist electoral prospects in metropolitan and peripheral regions move in opposite directions. They drop significantly in metropolitan departments with large public sectors and rise significantly in peripheral region departments with large public sectors. Accordingly, in small public sector departments Peronist party prospects brighten in metropolitan departments and dim in peripheral departments. The results are summarized in table 8.

Table 8: Probability that the Peronist Party will Achieve a Simple Majority Given the Impact of Public Sector Size and Unemployment: Rural Areas of the Periphery and Urban Areas of the Metro Region: Presidential Election, 1995

	Unemployment			
	Low		High	
	Metro Urban Areas	Periphery Rural Areas	Metro Urban Areas	Periphery Rural Areas
Small	99.89%	54.55%	19.76%	48.12%
Public Sector				
Large	63.15%	87.66	.05%	84.59%

Note: *Low/High* is defined as the average value of that variable withing the region minus/plus one standard deviation. Calculations are made applying logistic regression results to the average value of all variables shown on Table 6 and modifying the values of the two independent variables to high/low values.

Thus, in a simple two variable model of the regional determinants of Peronist electoral performance, the behavior of the public sector variable explains the inter-regional variation in the Peronist party vote. In the metropolis it acts as an anti-Peronist variable, decreasing the Peronist likelihood of winning a 50 percent majority; in the periphery it acts as a pro-Peronist variable, increasing the party's likelihood of winning a 50 percent electoral majority. Public sector employment is the contextual variable which best accounts for the disparity in Peronist electoral performance between metropolitan and peripheral regions.

Given this finding, the importance of a regional staging of reforms to the political viability of the economic reform process becomes evident. Submitting high-maintenance constituencies in metropolitan regions to the rigors of State-shrinking and marketization, while subsidizing low-

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limits to further economic reform. As economic policy-makers' sights shift to fiscal reform of provincial public sector budgets the long-standing bases of peripheral coalition support for the governing party will be seriously undermined. Cutting back public employment and closing the public treasury to resource-starved provinces will have a devastating effect on provincial economies, and will have troubling political effects for the Peronist party. As of this writing the Peronist government was still grappling with an unenviable choice: accepting the economic costs of the peripheral coalition's continued political support, or risking the potentially destabilizing political costs of bringing fiscal adjustment to its peripheral constituencies.

This study provides a number of insights into the structural and institutional dimensions of the political sustainability of market reform. A first insight relates to the autonomy of political resources in contexts of radical economic reform. In federally organized polities the uneven overlap between the territorial distribution of the economic structure and the territorial distribution of political resources provides coalitional possibilities which enhance the political sustainability of economic reform programs.

A second insight relates to the importance political parties. Several authors have noted the importance of parties to successful economic policy-making (Remmer 1991; Haggard and Kaufman 1994). While such authors have stressed the role of party system factors (e.g. party system fragmentation, competition patterns, etc.), this study suggests looking at party-level dynamics, particularly the social bases of governing parties and the organizational networks they rely upon for the mobilization of support and the control of electorates. Given massive international economic

pressures on developing countries to adjust to the global shift toward market development, reform experiments are being launched by governing parties with varying coalitional characteristics. We should expect variations in economic reform outcomes acording to reforming parties' support coalitions. When looking into this issue, we might ask such questions as, what differential impact will market reforms have across politically salient electorates? What are the reforming parties links to such electorates? Do governing parties pursuing market reform rely on "high-maintenance" constituencies for political support, or does their party possess organizational links to potential "low-maintenance" constituencies whose support could be bought off at an economic cost affordable to market reform objectives?

This study also points to the need to rethink the importance of patronage and public spending on electoral constituencies for the political viability of market reform programs. While the conventional wisdom on market reform sees incompatibility between patronage politics and the economic rationality of market reform, this study suggests that it is integral to its *political* rationality. In his study on heterodox policy-making in Turkey, John Waterbury (1992) noted the importance of public spending to the crafting of pro-export-led growth coalitions. The turn to orthodox market reform in much of the world today has not meant a retreat from patronage politics, but its adaptation to more stringent fiscal requirements.[26] Even in the most orthodox cases of market reform there will probably be constituencies whose political support can be bought at affordable costs--especially if reforming parties possesses organizational

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[26]Mexico's National Solidarity Program is a suggestive case in point. See, for example, eds. Cornelius, Craig, and Fox (1994).

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A second insight relates to the importance political parties. Several authors have noted the importance of parties to successful economic policy-making (Remmer 1991; Haggard and Kaufman 1994). While such authors have stressed the role of party system factors (e.g. party system fragmentation, competition patterns, etc.), this study suggests looking at party-level dynamics, particularly the social bases of governing parties and the organizational networks they rely upon for the mobilization of support and the control of electorates. Given massive international economic

pressures on developing countries to adjust to the global shift toward market development, reform experiments are being launched by governing parties with varying coalitional characteristics. We should expect variations in economic reform outcomes acording to reforming parties' support coalitions. When looking into this issue, we might ask such questions as, what differential impact will market reforms have across politically salient electorates? What are the reforming parties links to such electorates? Do governing parties pursuing market reform rely on "high-maintenance" constituencies for political support, or does their party possess organizational links to potential "low-maintenance" constituencies whose support could be bought off at an economic cost affordable to market reform objectives?

This study also points to the need to rethink the importance of patronage and public spending on electoral constituencies for the political viability of market reform programs. While the conventional wisdom on market reform sees incompatibility between patronage politics and the economic rationality of market reform, this study suggests that it is integral to its *political* rationality. In his study on heterodox policy-making in Turkey, John Waterbury (1992) noted the importance of public spending to the crafting of pro-export-led growth coalitions. The turn to orthodox market reform in much of the world today has not meant a retreat from patronage politics, but its adaptation to more stringent fiscal requirements.[26] Even in the most orthodox cases of market reform there will probably be constituencies whose political support can be bought at affordable costs--especially if reforming parties possesses organizational

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[26]Mexico's National Solidarity Program is a suggestive case in point. See, for example, eds. Cornelius, Craig, and Fox (1994).

links to such constituencies. Clientelism, patronage, and other 'non-modern' forms of political intermediation can thus be crucial to political elites bent on brininging the 'modernity' of market-led development to their borders.

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Appendix

Table A: Metropolitan Region; High Urbanization Areas
Descriptive Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Unemployment	60	2.84	11.24	6.47	1.99
Public Sector Emplmt.	60	9.23	35.00	15.43	4.85
Retirees	60	6.69	20.19	12.67	3.11
Basic Unsatisf. Needs	59	6.10	32.00	15.79	6.65
Managers	60	2.86	12.17	7.62	2.35
Illiteracy	60	.69	8.36	2.88	1.33
Self Employed	60	17.15	29.19	23.23	2.53
Students	60	6.03	12.66	8.38	1.48
W/out Electricity	60	-6.36	21.97	2.42	3.41
Wage Domestic Wkrs.	60	3.73	12.33	7.36	1.94
No-wage Dom. Wkrs	60	2.34	11.19	4.55	2.11

Table B: Periphery; High Urbanization Areas
Descriptive Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Unemployment	33	2.05	10.65	6.02	1.76
Public Sector Emplmt.	33	11.96	52.90	26.10	8.47
Retirees	33	5.17	15.43	9.81	2.83
Basic Unsatisf. Needs	33	12.50	50.60	23.16	8.82
Managers	33	2.59	8.91	5.33	1.56
Illiteracy	33	1.63	10.75	4.48	2.62
Self Employed	33	10.68	29.33	21.51	3.96
Students	33	7.83	15.65	11.19	2.11
W/out Electricity	33	.91	32.21	9.56	9.02
Wage Domestic Wkrs.	33	5.03	11.18	8.14	1.56
No-wage Dom. Wkrs	33	2.10	19.83	5.61	4.09

Table C: Metropolitan Region; Medium Urbanization Areas
Descriptive Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Unemployment	56	2.10	9.89	4.41	1.71
Public Sector Emplmt.	56	9.23	59.98	16.86	7.98
Retirees	56	5.35	18.84	13.40	3.09
Basic Unsatisf. Needs	56	6.40	37.70	16.07	7.91
Managers	56	3.47	13.21	8.27	2.73
Illiteracy	56	.58	12.16	4.36	2.44
Self Employed	56	1.85	34.67	23.06	5.10
Students	56	5.19	10.13	7.37	1.21
W/out Electricity	56	.64	37.17	8.48	8.67
Wage Domestic Wkrs.	56	2.93	10.17	7.04	1.32
No-wage Dom. Wkrs	56	2.27	15.62	7.18	3.24

Table D: Periphery; Medium Urbanization Areas
Descriptive Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Unemployment	69	1.02	12.45	5.34	2.85
Public Sector Emplmt.	69	5.53	44.04	19.62	7.82
Retirees	69	1.65	17.45	8.12	3.38
Basic Unsatisf. Needs	69	9.50	64.40	30.31	11.00
Managers	69	2.38	10.23	4.96	1.45
Illiteracy	69	.95	23.28	8.06	4.06
Self Employed	69	13.41	38.39	23.12	5.64
Students	69	4.16	17.89	9.46	2.55
W/out Electricity	69	.92	66.38	22.47	15.61
Wage Domestic Wkrs.	69	3.91	14.53	7.47	1.97
No-wage Dom. Wkrs	69	1.72	37.30	10.11	7.38

Table E: Metropolitan Region; Rural Areas
Descriptive Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Unemployment	75	.83	9.46	3.18	1.43
Public Sector Emplmt.	75	8.88	36.95	16.54	5.07
Retirees	75	4.53	19.45	13.38	3.39
Basic Unsatisf. Needs	75	3.70	51.80	13.86	9.82
Managers	75	2.32	14.56	9.19	3.09
Illiteracy	75	1.11	12.67	4.15	2.44
Self Employed	75	14.29	41.11	23.00	4.82
Students	75	3.95	9.50	6.46	1.11
W/out Electricity	75	.75	63.53	11.43	13.64
Wage Domestic Wkrs.	75	2.78	9.59	6.76	1.53
No-wage Dom. Wkrs	75	3.99	30.71	8.51	4.47

Table F: Periphery; Rural Areas
Descriptive Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Unemployment	209	.14	9.73	3.49	1.94
Public Sector Emplmt.	209	5.18	63.18	23.58	12.03
Retirees	209	.76	21.98	7.79	3.67
Basic Unsatisf. Needs	209	6.50	94.40	38.67	16.19
Managers	209	.15	15.19	4.18	3.04
Illiteracy	209	2.19	32.90	11.53	6.27
Self Employed	209	8.08	52.01	25.39	8.73
Students	209	.44	15.12	7.39	2.94
W/out Electricity	209	-20.46	94.06	38.63	23.42
Wage Domestic Wkrs.	209	.87	10.49	5.56	1.93
No-wage Dom. Wkrs	209	2.09	49.57	14.55	8.59