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The Populist Road to Market Reform: Policy and Electoral Coalitions in Argentina and México

Edward L. Gibson *

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ABSTRACT: Governing parties face two fundamental tasks: they must pursue policies effectively and they must win elections. Their national coalitions, therefore, generally include two types of constituencies, those that are important for policy-making and those that make it possible to win elections. In effect, governing parties must bring together a policy coalition and an electoral coalition. Although often overlooked, the distinction sheds light on how the transitional costs of major economic policy shifts can be made sustainable in electoral terms. This insight provides a starting point for analyzing how two of Latin America's most important labor-based parties, Peronism in Argentina and the PRI in México, pursued major free market reforms that adversely affected important sectors of their historic social constituencies while maintaining electoral dominance. Peronism and the PRI are conceived as having historically encompassed two distinctive and regionally-based sub-coalitions: a "metropolitan" coalition which gave support to the parties' development strategies, and a "peripheral" coalition which carried the burden of generating electoral majorities. This framework permits a reconceptualization of the historic coalitional dynamics of Peronism and the PRI, and sheds light on the current process of coalitional change and economic reform.

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Introduction

During his tenure in office between 1988 and 1994 Mexican President Carlos Salinas de Gortari proclaimed a new guiding ideology for his presidency and his country's ruling party. "Liberalismo Social" (Social Liberalism) would replace the statist and corporatist "Nacionalismo Revolucionario" as the vision advanced by the party in a new age of free market development and electoral competition. During much the same period, 5000 miles away, Argentina's president Carlos Saúl Menem committed his government to the pursuit of a new development model, the "Economía Popular de Mercado" (Popular Market Economy), a policy shift that reversed decades of Peronist commitment to state-led economic development. These leaders headed the two most important populist movements in Latin America, movements which had strong ties to labor and embodied their countries' commitment to state-led economic development. The policy shifts thus had tremendous coalitional and institutional consequences. They implied restructuring the social coalitions that had historically supported Peronism and the PRI, and altering many of the representational arrangements that linked key social actors to the state. Although these reforms reversed historic policy commitments and adversely affected the parties' key social constituencies, both parties handily won the presidential elections held in 1994 in Mexico and 1995 in Argentina.

How did leaders of the two most important populist movements in Latin America carry out such a shift and remain electorally viable? What coalitional characteristics did these movements share which shaped the dynamics of these transitional periods? This essay offers a re-thinking of the internal coalitional dynamics of these broad-based national parties. While the literature on populist coalition-building has tended to stress the importance of these parties' strategic links to labor and developmental cross-class alliances, this essay conceives these

parties as unions of two distinctive regional sub-coalitions, and suggests a division of labor between the sub-coalitions in the realms of policy-making and electoral politics. Peronism and the PRI are thus conceived as encompassing a "metropolitan" coalition and a "peripheral" coalition. The metropolitan coalition functioned primarily as a policy coalition which gave support to the parties' development strategies. The peripheral coalition functioned largely as an electoral coalition which carried the burden of generating electoral majorities. This perspective, which stresses the interaction between the electoral and policy-making dimensions of coalition-building, sheds light on important complexities in the historical evolution of these parties and in the current process of coalitional realignment and economic reform.

Metropolitan and Peripheral Coalitions in the Evolution of Populism

The literature on the origins and dynamics of populist parties in Latin America is vast, and the PRI and Peronism have taken up the lion's share of attention. Debates on the historical meaning, coalitional dynamics, and ideologies of these parties have dominated Latin American scholarship, but consensus exists on a number of points. Populist parties incorporated labor and popular sectors into political life as mass politics transformed national politics in the early and mid-twentieth century. Building on this incorporation, they linked labor to nascent cross-class support coalitions for State-guided capitalist development.[1] Regardless

[1]It should be noted that in Latin American studies the "populism" concept has come to denote specific types of movements, policy-making patterns, ideologies, or 'ways of doing politics,' and in some conceptualizations has included all these features. The use of the "populism" concept in this essay, however, is more restrictive, and denotes parties that incorporated labor during the historical and developmental period mentioned above. These characteristics link Peronism and the PRI conceptually to such phenomena as APRA in Peru, *Acción Democrática* in Venezuela, and*Varguismo* in Brazil. For a far less restrictive definition of "populism" which includes political styles, coalitions, and other characteristics, see Kenneth M. Roberts suggestive esay, "Neoliberalism and the Transformation of Populism in Latin

of the many differences which separated individual cases, the strategic link to labor and the developmentalist policy orientation were two features indissolubly linked to populist parties generally, and to Peronism and the PRI in particular.[2]

Peronism and the PRI have thus been largely characterized and analyzed as labor-based movements whose political and electoral clout resided in the most urbanized and modern regions of the country.[3] These were, after all, the movements that put an end to oligarchic rule and organized new social forces for the reorganization of their countries' political economy. But the picture is not complete until we look more carefully at other aspects of the populist coalitions, aspects which have not received much attention relative to the much analyzed relationship of these parties to labor. Labor, and the developmental coalition to which it was linked, was an important, but often electorally insufficient, component of the PRI and Peronist coalitions. If we look at these movements as

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America: the Peruvian Case", *World Politics* 48, Oct 1995. A drawback to such conceptualizations is that they submit the already beleaguered populism concept to continuous stretching to accomodate ever increasing cases. Restrictiveness in concept formation does have its virtues, among them giving researchers the ability, as Giovanni Sartori might put it, "to distinguish A from whatever is not A." See Giovanni Sartori, "Guidelines for Concept Analysis," in Giovanni Sartori, ed. *Social Science Concepts,* (Beverly Hills: Sage Publications, 1984).

[2]Works that address the origins and development of Peronism and the PRI include Ruth and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (Princeton, N.J.: Princeton University Press, 1991); Michael L. Conniff, ed., *Latin American Populism in Comparative Perspective* (Albuquerque: University of New Mexico Press, 1982); Ruth Collier, *The Contradictory Alliance: State-Labor Relations and Regime Change in Mexico* (Berkeley, CA: Institute of International and Area Studies, University of California, 1992); Manuel Mora y Araujo and Ignacio Llorente, eds., *El voto peronista: Ensayos de sociología electoral argentina* (Buenos Aires: Editorial Sudamericana, 1980); Miguel Murmis and Juan Carlos Portantiero, *Estudios sobre los orígenes del peronismo* (Buenos Aires: Siglo XXI Editores, 1971); and Guillermo O'Donnell, *Modernization and Bureaucratic Authoritarianism: Studies in South American Politics* (Berkeley, CA: Institute for International and Area Studies, 1971).

[3]The role of the PRI in mobilizing peasants as a pillar of its corporatist structure has, of course, been widely addressed, but analysis has rarely gone beyond its controlled and subservient status within the coalition. While this status is a reality, the functions which the regional sub-coalition which organized peasant and rural sectors performed in the maintenance of the PRI and in its internal power struggles have been an under-studied aspect of the party's politics.

national parties --as mobilizers of electoral victories throughout the national territory-- we see that there was more to populism. The other less illuminated, perhaps even seedier, side of populism is its rural, non-metropolitan side. In the metropolis populism was a revolutionary force, incorporating labor into its fold and promoting a new class of domestically-oriented entrepreneurs as carriers of new state-led strategies of economic development. It was the metropolis that gave populism its modern face, that gave it the social and economic clout to build a new economic order. It was the periphery, however, that gave populism its links to the traditional order, gave it coherence as a national electoral force, and extended its reach throughout the national territory.

As electoral movements the PRI and Peronism were national coalitions that harbored two very disparate and regionally-based sub-coalitions. These were dualistic movements, encompassing at once the most modern sectors of society and the most traditional, the most urbanized sectors and the most rural, the most dynamic sectors and the most stagnant, the most radical sectors and the most conservative. The secret of their success was due largely to their ability to make effective the dualistic nature of their societies in the coalitional realm, to bring together the most antagonistic sectors of society and give them distinct tasks in the creation and reproduction of populist power.

The metropolitan coalition was located largely in urban areas and economically important regions of the country. Its most important constituencies were labor and business groups geared toward the domestic economy and dependent on state subsidies and protection. These were the social groups whose organization was vital for the implementation of developmentalist economic policies. They generated support for State policies and ensured, through corporatist bargaining, mobilization, and legitimation, the viability of the development model and the governability tasks of the State.

The peripheral coalition was located primarily in rural areas and relatively underdeveloped regions. Its primary constituencies were peasants, rural labor, and town dwellers, but also included local elites that controlled local populations and could deliver their votes and support to the national party. These constituencies remained by and large marginalized from the design and implementation of the development strategies pursued from the center, but in the organization and maintenance of populist power they were not merely a residual coalition. As Peronism and the PRI became consolidated as national parties, they came to play a vital role in maintaining their parties' electoral strength. Populist parties came increasingly to rely on the peripheral coalitions to deliver national electoral majorities. Tradition and modernity coexisted in Peronism and the PRI because of the indispensability of the peripheral coalition for the maintenance of populist power.

The Origins of the Populist Coalitions

The formation of Peronism

The mobilization of labor in Argentina's metropolitan regions was decisive to the rise of Juan Perón after the 1943 military coup that overthrew a conservative civilian regime. Juan Perón, an army colonel, rose rapidly up the new

government's power structure in the years immediately following the coup. Appointed Secretary of Labor shortly after the coup, Perón galvanized the moribund agency and made it an aggressive champion of workers' rights and pro-worker legislation. He also used his position in office to tie labor organizations more closely to the state, to purge them of communist and opposition influences, and to build networks of supporters in the labor movement. Perón thus used the power of the State to tap a constituency that, in spite of its organizational clout and importance in the country's urban occupational structure, had been largely unclaimed by the national political establishment.

In 1946 Perón ran for president as the candidate of the *Partido Laborista,* an independent labor party founded by union leaders in 1945.[4] The party was modeled on European social democratic parties and was seen by its founders as an autonomous vehicle for labor representation in the electoral arena.[5] The Partido Laborista's links to organized labor gave Perón a powerful organizational base for running his presidential campaign, and mobilizing the urban vote.

In regions with a negligible proletarian population, however, Perón's 1946 electoral victory was driven by other factors. The Partido Laborista's labor networks gave his campaign some organization in the capitals of less backward provinces in the interior, but provided little access to voters in towns and rural areas or to urban voters not controlled by the fledgling regional labor organizations. These tended to be firmly controlled by existing *caudillo*-dominated electoral machines. A national presidential victory required more than

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[4]Perón's candidacy was also supported by a dissident Radical Party faction dominated by leaders from the interior provinces of the country.

[5]Miguel Murmis and Juan Carlos Portantiero, *Estudios sobre los orígenes del peronismo* . See also Joel Horowitz, *Argentine Unions, the State, and the Rise of Perón, 1930-1945* (Berkeley, CA: Institute of International and Area Studies, University of California, Berkeley, 1990).

powerful organization in metropolitan regions. It also required the formation of an electoral coalition in the peripheral regions of the country.

To this end Perón reached out to the enforcers of the periphery's status quo. Throughout the interior provinces Perón recruited local conservative leaders into his alliance, from the top leaders of provincial governments to local party hacks that controlled electoral machines in rural areas and small towns. The defection of conservative *caudillos* assured the massive transfer of votes from conservative parties throughout the country to the Partido Laborista ticket.[6]

In this way, Perón forged the key pillars of his national electoral coalition. In metropolitan regions he mobilized the unincorporated working class as the primary constituency of his new political movement. Outside those areas he coopted existing provincial electoral machines which delivered large numbers of votes from among the rural poor and town dwellers to the Partido Laborista's electoral campaign. After the 1946 election President Perón transformed this circumstantial electoral alliance into a new national political party, the *Partido Justicialista.*

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[6]Systematic electoral studies for the provinces of the interior during this period have yet to be carried out. However, statistical support for these arguments is provided by Luís Gonzáles Esteves for the 1946 election in the province of Córdoba, which while admittedly one of the more prosperous interior provinces, experienced one of the more conspicuous endorsements by conservative leaders of the Peronist ticket. Ignacio Llorente provides similar arguments in his study of the 1946 elections in Buenos Aires, which compared the vote in rural and urban areas. These studies provide a glimpse of a process taking place throughout the country. Both authors report significant positive correlations between the decline of the conservative vote and the emergence of the Peronist coalition. The exception was large urban areas, where the working class constituencies of Peronism were congregated. In rural areas and small urban concentrations, however the conservative vote-loss was strongly associated with Peronist gains. See Luis Gonzáles Esteves, "Las elecciones de 1946 en la provincia de Córdoba," reprinted in eds. Manuel Mora y Araujo and Ignacio Llorente, *El voto peronista: Ensayos de sociología electoral argentina*, 319-364; and Ignacio Llorente, "Alianzas políticas en el surgimiento del peronismo: el caso de la provincia de Buenos Aires," reprinted in eds. Manuel Mora y Araujo and Ignacio Llorente, *El voto peronista: Ensayos de sociología electoral argentina*, 292-312.

The creation of the Partido Justicialista established Peronism's electoral presence throughout the country. It also created a new internal power balance between movement's national coalition members. The social and political forces that had brought Perón to power underwent major reorganization in the period following his election. The union movement experienced a dramatic expansion of its membership, and its organizations were strengthened and linked closely to the state. In the metropolitan regions labor organizations, with their expanding mass mobilizational capabilities, became the primary organizers of the Peronist electoral machine. After the 1946 elections the union movement's dominance over party leaders was almost complete in the metropolitan areas' electoral organization.[7]

Political caudillos remained important, however, for mobilizing votes outside the working class, and their importance for the party increased the less developed the region or the smaller the proportion of industrial workers and union members among the lower social strata. In the 1940's the industrial working class was largely located in the greater Buenos Aires urban area, and to a smaller extent in such budding industrial cities as Rosario and Córdoba. Throughout the rest of the country, however, traditional social structures were dominant, and the paternalistic political control of caudillos held sway. The conservative political machines that had controlled political life for decades, and which had helped put Perón in power in 1946, were dominant facts of local political life. Incorporating them into the national party was thus indispensable if Peronism was to become a truly national electoral force.

Thus, the period following Perón's assumption of the presidency was marked by the reorganization of the peripheral electoral coalition that had helped Perón

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[7]Manuel Mora y Araujo, "Introducción: La sociología electoral y la comprensión del peronismo," in eds. Manuel Mora y Araujo and Ignacio Llorente, *El voto peronista,* 49.

win the presidency in 1946. Temporary deals with autonomous conservative machines were followed by the outright absorption of these leaders and organizations into the national Peronist party. Once-conservative caudillos became Peronist caudillos, or their organizations and followers were absorbed by the national party and given new leaders from among their ranks. Control of the state also gave Perón the ability to engage in autonomous mobilization of rural and non-metropolitan constituencies. This mobilization, however, was far less threatening to local power relations than the mobilization then taking place in the country's metropolitan regions. Such measures as the *Estatuto del Peón,* passed by the Peronist government in 1948, extended benefits and legal rights to rural laborers, but did not threaten existing land tenure patterns or disrupt local elite control over economic life. They were, however, effective in mobilizing support among lower social strata for a national Peronist party whose local political and social structures closely resembled those that had dominated life in the pre-Peronist political order.

With the founding of the Partido Justicialista the autonomous electoral creation of the Argentine labor movement, the Partido Laborista, was dissolved. In its place Perón created a national party supported by two distinctive and regionally specific pillars. The urban labor organizations which had declared in the Partido Laborista's founding documents that no "members of the oligarchy" would be permitted in its ranks,[8] were incorporated alongside the conservative-dominated party machines of the interior regions of the country. By doing this Perón institutionalized not only the Peronist party's presence throughout the nation, but a new internal balance of power in the party. As a national party, Peronism would not be exclusively dependent on its powerful and highly mobilized constituencies

[8]Cited in Miguel Murmis and Juan Carlos Portantiero, *Estudios sobre los orígenes del peronismo*, 96.

in the labor movement. Their mobilizational clout would be countered by the electoral weight of the caudillo-dominated and socially heterogeneous constituencies in the peripheral coalition. Perón was thus able to fuse very disparate coalitions under one national party structure, and each coalition provided counterweight to the other. The two pillars were rooted in very different social contexts and organized by different types of machines: corporatist and mobilizational in the metropolis, clientilistic and conservative in the periphery. The Peronist party's seeming invulnerability at the polls in subsequent decades, as well as the continuous (and often polarizing) tensions between the party's metropolitan labor organizations and its provincial party organizations, were both results of Peronism's successful fusion of these two national sub-coalitions.

National electoral studies of the Peronist vote are rare, and the structure and social composition of Peronist parties in the interior constitute one of the black holes of scholarly work on Argentina. However, a handful of studies published during the 1970's provide a sense of the continuities involved in the relation between metropolitan and peripheral coalitions in the decades after Perón's rise to power. A study by Ignacio Llorente of the social bases of Peronist from 1946 to 1954 provides insights into the evolution of the Peronist electoral coalition. The most consistent finding is the negative relationship between the Peronist vote and indicators of economic development and modernization as the Peronist coalition became established. In the 1946 election the Peronist vote was positively associated with such variables as industrialization, urbanization, and size of the working class population, and ambiguously associated with indicators of economic backwardness. These results reflected Perón's 1946 reliance on labor mobilization and the weakness of independent Peronist electoral organization in the interior. However, by 1954 these relationships had changed. Peronism was most positively associated with indicators of social and economic backwardness, and most

negatively associated with indicators of economic development and modernization. A study by Manuel Mora y Araujo of the 1973 presidential elections suggested that these tendencies persisted after decades of repression and electoral proscription of the Peronist movement by authoritarian governments. In the 1973 presidential elections Peronism's performance in rural and under-developed regions far outstripped its performance in urban regions, a performance which gave the Peronist party its slim national electoral majority in March 1973.[9]

Table 1
Correlations between Selected Socioeconomic Variables and the Peronist Vote

	1946	1954	March 1973	Sept 1973
Per capita product	.07	-.39	-.75	-.80
Illiteracy	-.08	.63	--	--
Literacy	--	--	-.59	-.59
Urbanization	.20	-.48	-.64	-.55
EAP* in Primary Sector	-.24	.28	.28	.12
EAP in Secondary Sector	.32	-.18	.03	-.04
EAP in Tertiary Sector	.09	-.34	-.11	-.36
Urban Working Class	.30	-.14	-.39	-.40

Sources: 1946 and 1954 calculations from Ignacio Llorente, "La composición social del movimiento peronista hacia 1954;" 1973 calculations from Manuel Mora y Araujo, "Las bases estructurales del Peronismo." Both works in eds. M. Mora y Araujo and Ignacio Llorente, *El voto peronista.* Significance levels of coefficients not listed.
*Economically Active Population.

[9]Two presidential elections were held in 1973, the first in March, in which Hector Cámpora, a proxy for Perón, was elected, and the second in September, which brought Perón himself to power. In the March election Peronist party consistently received over 60 percent of the vote in rural districts, while failing to get a majority in most urban districts. As Mora y Araujo noted on the basis of his analysis of the electoral results, "it is very clear that if only those districts with urban populations higher than 40 percent had been counted, the Peronist party would not have attained the 50 percent vote total which gave it its victory in the March elections." Manuel Mora y Araujo, "Las bases estructurales del Peronismo," in eds. Manuel Mora y Araujo and Ignacio Llorente, *El voto peronista,* 423.

The Origins of the PRI in Mexico

The formation of what is today named the Partido Revolucionario Institucional took several stages. The first stage was the creation by Plutarco Elías Calles of the Partido Nacional Revolucionario (PNR) in 1929. The creation of the PNR was first and foremost an effort to impose central authority over a fractious nation in the aftermath of the armed conflicts and intra-elite struggles that had rocked the nation since the outbreak of the 1910 revolution. The PNR's founders sought to bring the disparate regional power holders that had emerged from these conflicts together under one institutional umbrella. They also sought to establish procedures of negotiation and political succession that would institutionalize intra-elite conflicts and provide electoral hegemony to elites in control of national and regional governments.[10] The PNR was thus an effort to organize the existing Mexican political strata--strata whose composition was as regionally varied as the reach of the Mexican revolution itself. They included progressive and conservative governors, local revolutionary *caciques,* landlords and military *caudillos.*[11] As an effort to establish institutional control throughout the territory, the PNR incorporated the array of old and new, revolutionary and pre-revolutionary power holders left standing after decades of armed conflict.[12] Responding to worker and

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[10]A detailed treatment of the formation of the PNR is provided by Luís Javier Garrido, *El partido de la Revolución institucionalizada: La formación del nuevo Estado en México, 1928-1945* (Mexico City: Siglo XXI Editores, 1986).

[11]The terms "caudillos" and "caciques" seem to have slightly different meanings in Argentina and Mexico. In Argentina "caudillo" denotes a political boss. The Argentine caudillo can be a local boss or a national leader. In Mexico "cacique" explicitly denotes a local political boss, while "caudillo" generally denotes a civilian or military political leader whose authority is national in scope. In both Mexico and Argentina caciques and caudillos can draw their political authority from socioeconomic power relations, political institutions, or both. For a typological discussion of this issue for the Mexican case, see Fernando Díaz Díaz, *Caudillos y Caciques: Santa Anna y Juan Alvarez* (Mexico City: El Colegio de México, 1971). I am indebted to Blanca Heredia, of the Centro de Investigaciones y Docencia Económicas (CIDE), and Fernando Escalante, of the Colegio de México, for these distinctions.

[12]As Alan Knight notes, "through the 1920's and 1930's Mexican elites remained variegated and fractious, especially if the vital provincial, as against national, perspective is

peasant masses mobilized by the revolution under control was also a concern of PNR founders, but was subordinated to the imperative of territorial consolidation. The PNR's creation was thus a deal between center and regions, involving the incorporation of regional elites to the national party in exchange for local autonomy. The party was organized territorially, with little or no efforts toward the sectoral incorporation of the masses.[13]

The 1934-1940 presidency of Lázaro Cárdenas temporarily shifted the party's internal balance of power in favor of sectoral incorporation of workers and peasants. In an effort to consolidate new power bases against the continuing influence of Callistas and their networks of regional power bosses, Cárdenas carried out the most sweeping labor and land reform initiatives ever seen in the country's history. It was during this period that the first manifestations of what would become the metropolitan and peripheral coalitions emerged in the party's national coalitional structure. The national labor movement was mobilized as an official constituency of the party, an act that made it a pivotal member of the party's emerging metropolitan coalition. In the countryside massive land reform initiatives were accompanied by the sectoral organization of peasants and rural workers, and their formal incorporation into the party structure. Cárdenas then spearheaded the reform of the party itself, renaming it the Partido de la Revolución Mexicana (PRM) and converting its territorial organization to the functional

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adopted. In parts of the south the plantocracy still ruled, albeit under pressure; the northern bourgeoisie prospered (at least until the later 1920's); and the new revolutionary elite--generals, above all, acquired property to match their power. But there were also elites, some of popular extraction, who depended on continued popular support for their advancement..." Alan Knight, "Mexico's Elite Settlement: Conjuncture and Consequences," in eds. John Higley and Richard Gunther, *Elites and Democratic Consolidation in Latin America and Southern Europe* (New York and Cambridge: Cambridge University Press, 1992), 128.

[13]In fact, the territorial deal underlying the PNR was a mechanism for dealing with the threat of class conflict. In exchange for their support, the PNR offered regional elites protection against continued revolutionary change. See Luís Javier Garrido, *El partido de la Revolución institucionalizada: La formación del nuevo Estado en México, 1928-1945,* 127-8.

were given free rein to perpetuate local power arrangements in exchange for reliably delivering massive PRI victories at election time.[15]

A glance at the PRI's electoral performance over the last several decades reveals the party's reliance on the peripheral coalition. Dependence on the peripheral coalition for generating national electoral majorities became especially marked as elections became more competitive from the 1970s onward. Prior to this period the PRI enjoyed hegemonic status, and won overwhelmingly throughout the country. Its margins of victory, however, were consistently larger in the rural and less developed regions of the country.[16]

In addition, the PRI's electoral support has been strongly correlated with indicators of ruralness, primary production, and illiteracy, and negatively correlated with indicators of urbanization, education, and occupations characteristic of the metropolitan economy. In spite of the party's historic role as incorporator of working classes and transformer of the metropolitan political economy, rural Mexico, in the words of one observer, "has been the PRI's bastion for six decades."[17] Furthermore, these trends increased as decades of 'stabilizing development' changed the country's demographic and social structures. Ironically, the PRI's metropolitan constituencies, vital supporters and beneficiaries of the party's economic development policies, played an ever decreasing role in the generation of electoral majorities for the PRI.

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[15]In both cases, of course, the mobilization and control of rural electorates were complemented, when needed, with electoral fraud .

[16]According to one study, between 1964 and 1976 the PRI averaged over 70 percent of the vote in highly urbanized areas, while its averages in rural areas exceeded 90 percent of the vote. Leopoldo Gomez, "Elections, Legitimacy, and Political Change in Mexico, 1977-1988, PhD. Dissertation, Georgetown University, 1991, p. 242.

[17]Joseph L. Klesner, "Realignment or Dealignment? Consequences of Economic Crisis and Restructuring for the Mexican Party System," in eds. Maria Lorena Cook, Kevin J. MIddlebrook, and Juan Molinar Horcasitas, *The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico* (San Diego, Calif.: Center for US-Mexican Studies, University of California, San Diego, 1994), 164.

Table 2
Electoral Support for the PRI by Level of Urbanization

Level of Urbanization	1979	1982	1985	1988	1991
>95 % Urban	54%	50%	44%	30%	48%
50-74% Urban	71%	68%	61%	50%	61%
<25 % Urban	84%	82%	78%	64%	71%

Source: Joseph L. Klesner, "Realignment or Dealignment? Consequences of Economic Crisis and Restructuring for the Mexican Party System," in eds. Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas, *The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico*, 165.

Table 3
Correlations between Electoral Support for the PRI and Selected Socioeconomic Variables

	1967	1970	1982	1988	1991
% in localities >2,500	-.68	-.73	-.76	-.71	-.65
% with no schooling	.62	.61	.62	.49	.48
% with post-primary ed.	-.68	-.76	-.74	-.58	-.62
% EAP* in primary sector	.74	.80	.74	.60	.62
% EAP in secondary sector	-.63	-.73	-.79	-.64	-.69
% EAP in tertiary sector	-.72	-.75	-.44	-.32	-.35
Urban Working Class	NA	NA	-.80	-.66	-.66
Rural popular classes	NA	NA	.82	.67	.71

Source: Joseph L. Klesner, "Realignment or Dealignment? Consequences of Economic Crisis and Restructuring for the Mexican Party System," in eds. Maria Lorena Cook, Kevin J. MIddlebrook, and Juan Molinar Horcasitas, *The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico*, 163.
*Economically active population.

Populist leaders in Argentina and Mexico thus solved the problems of governance by bringing two distinctive sub-coalitions together under one movement. In their founding periods they succeeded in exploiting the two dominant lines of cleavage in national politics, class and region, and made both

lines of cleavage the organizing principles of their national coalitional structures. Pact making between classes permitted Peronism and the PRI to seize the initiative in the transformation of the national political economy. Pact making between regions permitted them to constitute themselves as national governing parties.[18] The contrasting social and political contexts in both sub-coalitions also created very different local electoral situations. The populist parties' links to traditional and clientilistic power structures in the periphery made them electoral bastions, and the populist coalitions drew support from all social strata. In the more diverse metropolitan regions the populist coalitions mobilized relatively fewer votes, had more organizational links to working and popular classes, and would become more vulnerable electorally to the effects of social change and organized political opposition.

International and Domestic Causes of the Current Transformations of Peronism and the PRI

Pressures from global and domestic socioeconomic change converged and prompted major policy and coalitional shifts by the PRI and the Peronist party in the 1980s. Just as the crisis of the global economy in the 1930's led to the adoption of developmentalist economic policies and the ascendance of populist coalitions, the global reorganization of production and capital and the debt crisis of the 1980's signaled the beginning of the end for developmentalism and its support coalitions in Mexico and Argentina. In both countries the free market policy reorientation was led by those countries' historic populist parties. It also fell to

[18]Although exploring the issue further is beyond the scope of this essay , it might be suggested that this succesful institutional fusion of metropolitan and peripheral coalitions is one factor which distinguishes Peronism and the PRI from such populist experiences as *Varguismo* in Brazil, and might account for the greater endurance and cohesion of the former two cases.

these parties to restructure the populist coalitions that had undergirded decades of developmentalist policies.

But while international economic change drove the turn toward free market development, the coalitional changes pushed by the PRI and Peronism had a domestic electoral logic of their own. Even before the global economy put the screws on domestic policy-makers the populist electoral coalitions had been running out of steam. Much of this was due to secular changes in their countries' demographic and occupational structures. Rural to urban migration since the 1950s and 1960s had eroded the peripheral coalition's electoral weight. The shrinking rural electorate was accompanied by changes in the demographic and occupational structures of the countries' metropolitan regions, notably the expansion of social sectors not linked to populist parties or state-controlled corporatist structures that had mobilized votes for the populist metropolitan coalitions.[19] In the cities the expansion of populations employed in service activities, informal sectors, and white collar occupations meant the expansion of a middle stratum of voters that had been most resistant to electoral mobilization by the populist parties' urban 'pillars' in the labor movement and corporatist organizations. In effect, decades of social change and economic crisis had produced, in both countries, decline or stagnation in the electoral bastions of

[19]For studies on Mexico's changing social and occupational structure, see Brigida García, *Desarrollo económico y absorción de fuerza de trabajo en México, 1950-1980* (Mexico City: El Colegio de México, 1988); and Gloria Vázquez Rangel and Jesús Ramírez López, *Marginación y pobreza en México* (Mexico City: Editorial Ariel, 1995). For Argentina see José Nun, "Cambios en la estructura social de la Argentina," in eds. José Nun and Juan Carlos Portantiero, *Ensayos sobre la transición democrática en la Argentina* (Buenos Aires: Puntosur, 1987); Hector Palomino, *Cambios ocupacionales y sociales en la Argentina, 1947-1985* (Buenos Aires: CISEA, 1987); and Minujín, Alberto, et al., eds. *Cuesta abajo: Los nuevos pobres: efectos de la crisis en la sociedad argentina* (Buenos Aires: Editorial Losada, 1992).

Peronism and the PRI, and significant growth in the social categories most negatively associated with populist party vote.[20]

These secular trends made themselves felt on the populist parties' electoral performance, producing a declining trend in electoral support for the PRI and a electoral stagnation for the Peronist party. In Mexico the PRI lost its electoral majorities in urban areas in the 1980's, and while it maintained its majorities in rural areas, these too were on the decline (see table 2). Meanwhile, party opposition grew by leaps and bounds, supported largely by middle and upper strata in the metropolitan regions.[21] The 1988 presidential elections put the PRI's electoral crisis into bold relief. Only after major electoral irregularities and denunciations of fraud by the opposition, was the PRI able to claim the slimmest of victory margins. It was quite clear by this time that the PRI was on the verge of losing not only its hegemonic status, but its ability to generate bare electoral majorities.

In Argentina, the presidential elections of 1983 resulted in Peronism's first electoral defeat. This event signaled the end of the "iron law" of Argentine elections, which assumed Peronist victories in freely held-elections. A variety of circumstantial factors contributed to this defeat, but the secular trends discussed above played an important part. The peripheral coalition's contribution to the party's national vote total declined noticeably from the 1973 election, and has

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[20]Studies on Mexico analyzing the direct effect of social and demographic change on party vote include Juan Molinar Horcasitas, *El Tiempo de la legitimidad* (Mexico City: Cal y Arena, 1992); and Leopoldo Gómez, "Elections, Legitimacy, and Political Change in Mexico, 1977-1988, PhD. dissertation, Georgetown University, 1991. I deal with the impact of social and demographic change on Argentine electoral politics during the 1980s and 1990s in *Class and Conservative Parties: Argentina in Comparative Perspective* (Baltimore, MD: The Johns Hopkins University Press, 1996).

[21]See Joseph L. Klesner, "Realignment or Dealignment?; Juan Molinar, *El Tiempo de la Legitimidad,* and Yemile Mizrahi, "A New Conservative Opposition in Mexico: the Politics of Entrepreneurs in Chihuahua (1983-1992). PhD. Dissertation. The University of California, Berkeley, 1994.

remained at its new level ever since.[22] This was compounded by the party's poor performance in the metropolitan regions, which demonstrated a clear aversion by non-working class voters to the electoral campaign mobilized by the party's labor supporters.[23] The 1989 Peronist electoral victory, which took place amid a profound hyper-inflationary crisis, appeared to signal a revival of the classic Peronist coalition. This, however, was to be the last flexing of its populist muscle. Thereafter it would be dramatically restructured

The combined effects of international economic and domestic social change placed strains on both the policy making and electoral capabilities of Peronism and the PRI. It is thus useful to understand the current restructuring of the populist coalitions in light of both these dimensions. There was a clear policy-making logic to the recrafting of populist coalitions: to identify the beneficiaries of neo-liberal reform and mobilize them in support of a new economic model. But this recrafting also had an electoral logic: to adapt the populist coalitions to the social changes experienced by Mexican and Argentine societies over previous decades, and to render them electorally viable in a new context of social heterogeneity and the urbanization of politics. The need to establish new social bases of political support

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[22]One measure of this tendency is the proportion of votes received by Peronism from the country's less developed provinces, calculated here as all provinces and districts excluding Buenos Aires province, the Federal District, Córdoba, Santa Fe, and Mendoza. After 1973 this proportion declined. Since 1946 the poorest provinces provided the following proportion of Peronism's total votes: 1946, 23 percent; 1951: 30 percent; 1973: 37 percent; 1983: 27 percent; 1989: 28 percent; 1995: 27 percent. 1946-73 percentages taken from M. Mora y Araujo, "Las bases estructurales del Peronismo." 1983-95 percentages calculated from official election results.

[23]In one key urban district, the city of Buenos Aires, the 1983 election results constituted a sharp accelleration of a declining trend of support for the Peronist party. The following election totals for the party detail this trend: 1946 Presidential elections: 53 percent; 1954 Congressional elections: 54 percent; 1973 presidential elections: 37 percent; 1983 presidential elections: 27 percent. Source: Luis Gonzáles Esteves and Ignacio Llorente, "Elecciones y preferencial políticas en Capital Federal y Gran Buenos Aires: El 30 de Octubre de 1983," in eds. Natalio Botana, et.al, *La Argentina Electoral* (Buenos Aires: Editorial Sudamericana, 1985).

for a new economic model converged with the need to build new electoral support for populist parties in decline.

The main target of transformation became the populist metropolitan coalition. The historic pillars of the metropolitan coalition were obviously no longer suited to supporting the development model being adopted by the governing party leaders. Neither were they delivering the goods electorally. Thus, new constituencies and organization had to be developed in the metropolitan regions that would perform both these tasks. The division of labor between policy-making and electioneering could not continue to be regionally determined. In essence, the metropolitan coalition had to be made both relevant in the policy realm and viable in the electoral realm.

Recasting the Metropolitan Coalition

Business and labor in the remaking of populist policy coalitions:

Populist leaders had used the power of the State to forge new social coalitions at the start of the developmentalist age in the 1930s and 1940s. They would do so again at the start of the neo-liberal age in the 1980s and 1990s. The recasting of the populist policy coalition in metropolitan regions involved the use of state power to reward winners and neutralize losers, to forge alliances with new constituencies and to rearrange relations with old constituencies. It also involved opening new channels of access to policy-makers for the coalition's new social protagonists and dismantling the institutional structures that had linked old constituencies to the decision-making process. At a general level it can be asserted that these changes shifted the balance of power within the policy coalition away from labor and toward business. However, if this were the only dimension, then it would merely be a continuation of the decades-long pattern whereby business interests have prevailed over those of labor in the pursuit of developmentalist

policies. The objectives pursued in the 1980s and 1990s were more nuanced and institutionally discontinuous. They were more nuanced because they involved the selection of winners both within business and labor--the more concentrated and internationally competitive sectors of business and those parts of the labor movement linked to those sectors and able to gain economic and political benefits from the decentralization of the labor movement and the flexibilization of industry-labor relations.[24] They were institutionally discontinuous because they involved the dismantling of legal, regulatory, and financial frameworks that for decades had undergirded the labor movement's institutional power.

In both Mexico and Argentina the strategy toward business involved building a new strategic relationship with the most diversified, concentrated, and internationally competitive sectors of business. This meant weakening ties to domestically-oriented industrialists and non-diversified, single-sector firms, the traditional business supporters of populist coalitions. It also meant marginalizing the corporatist organizations which had traditionally linked them to State decision-makers in favor of new institutional channels or direct State-firm links for the beneficiaries of economic reform.

Presidents Salinas and Menem actively courted and cultivated relations with the leaders of major business firms from the beginning of their administrations, publicly affirming the importance of large-scale modern entrepreneurs, with their links to foreign capital and technology, for the new economic models being

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[24] On the 'modernization' of sectors of the Mexican labor movement and its role in President Salinas' coalition-building strategies see Ilán Bizberg, "Restructuración productiva y transformación del modelo de relaciones industriales: 1988-1994," unpublished manuscript, El Colegio de México, 1995. The different strategies of adaptation by sectors of the Argentine labor movement to President Menem's reform policies are nicely analyzed by María Victoria Murillo in "Union Response to Economic Reform in Argentina," paper presented at the Conference on Inequality and New Forms of Popular Representation in Latin America," Columbia University, New York, NY, March 3-5, 1994.

pursued.[25] Political cooperation in the formulation and implementation of economic policy between populist-controlled governments and big business reached new heights. In Mexico, access by leaders of large business and financial concerns to State policy-makers was greatly enhanced during the Salinas period, and collaboration between business and State elites in the design of economic policy "became unprecedentedly tight, fluid, and public."[26] During his first year in office Argentine President Carlos Menem went so far as to give control of the Economy Ministry to executives of the *Bunge y Born* corporation. This move went beyond Peronist corporatist tradition, whereby key ministries and secretariats were occasionally assigned to representatives of the sectors they oversaw. Bunge y Born was the country's only multi-national corporation and Peronism's most truculent adversary in the business community. The appointment of Bunge y Born executives to the commanding heights of the Economy Ministry, along with the appointment of conservative leaders to other policy-making positions, signaled an important coalitional shift by the Peronist government toward historically non-Peronist business constituencies. It also marked a shift in the institutional forms of linkage between the State and business, displacing traditional links between the State and organized business associations in favor of direct interaction between State policy-makers and large business firms.[27]

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[25]During his presidential campaign, Peronist candidate Carlos Menem was somewhat discrete about his overtures toward business. His discretion, however, was not shared by candidate Salinas during his own presidential campaign. Salinas openly courted big business during the campaign, reportedly meeting with the largest entrepreneurs in every state he visited. See Carlos Elizondo, "Privatizing the PRI?: Shifts in the Business-PRI relationship," CIDE, Mexico City, unpublished manuscript.

[26]Blanca Heredia, "Empowered Markets: State-Business Relations in Contemporary Mexico," in ed. Carlos H. Acuña, *State-Business Relations in Contemporary Latin America,* forthcoming, 1996, p. 34.

[27]As Carlos Acuña notes, ""Immediately upon taking office, the new minister of economy reached agreements with 350 leading firms to stabilize prices in exchange for maintaining stable public-sector prices and tariffs, as well as interest and exchange rates. These agreements bypassed entrepreneurial representatives." Carlos Acuña, "Politics and Economics in

Beyond these political links to the business community, populist governments also provided powerful material incentives to their new-found constituencies. The liberalization of financial systems and the opening of the domestic market created major economic opportunities for competitive firms and financial groups. The widescale privatization of State-owned enterprises favored those domestic entrepreneurs with access to large amounts of capital and accelerated the process of economic concentration, strengthening the economic position of economic conglomerates tapped earlier by the populist governments.[28] The economic reforms carried out by these governments thus not only drew their support from these privileged economic sectors, but also expanded their economic and political leverage.[29]

The co-optation and strengthening of big business was accompanied by the division of labor and the weakening of its institutional and economic power. In the economic realm the governments' reforms sought to reduce labor costs and neutralize labor obstacles to marketization. The measures signaled an end to decades-long populist commitments to maintain employment and wage levels, and to using State power to bolster labor's bargaining position in the labor market and political arena.[30] In both countries, decrees and legislation were passed restricting

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the Argentina of the Nineties (Or, Why the Future No Longer Is What It Used to Be)," in eds. William C. Smith, Carlos H. Acuña, and Eduardo Gamarra, *Democracy, Markets, and Structural Reform in Latin America* (Miami: The University of Miami, North-South Center, 1994), 39.

[28]In Mexico it is estimated that the privatization of parastatal enterprises fostered the creation of at least 50 big economic *grupos*. See Yemile Mizrahi, "Recasting Business-Government Relations in Mexico: The Emergence of Panista Entrepreneurs," CIDE, División de Estudios Políticos, Working Paper No. 29, 1995. For a journalistic analysis of the consolidation of economic conglomerates in Argentina during the Menem period see Luis Majul, *Los dueños de la Argentina* (Buenos Aires: Editorial Sudamericana, 1992).

[29]For a discussion of the uses of market reform for constituency formation and political coalition-building, see Hector Schamis, "Re-forming the State: the Politics of Privatization in Chile and Great Britain," PhD. dissertation, Columbia University, 1994.

[30]Weak as this commitment might have seemed in Mexico, especially after the conservative turn of government policy after the Cárdenas period, government policies did nevertheless ensure that real wages for labor rose steadily for labor from the 1950s to the late

the right to strike, decentralizing collective bargaining, limiting wage hikes, and flexibilizing hiring and firing practices in the private sector. The selling-off of state-owned enterprises, which eliminated tens of thousands of jobs in each country, also marked an end to populist commitment to full employment and job security. The reforms also sought to curtail the labor movement's organizational and financial power, in measures ranging from the imprisonment of prominent union leaders in Mexico to the restriction of labor control over vast pension plans and social security programs in Argentina.[31]

Not all sectors of labor were clear losers in this reform process. While the labor movement as a whole suffered from the weakening of its political organization and from its membership's declining economic clout, some sectors benefited from the reforms and were able to adapt to a new context of flexibilized labor markets and decentralized State-labor relations. The restructuring of the populist metropolitan policy coalition involved picking winners and losers both within business community and the labor movement, not the wholesale strengthening or weakening of either group. In part, the success of the reform process involved the division of the labor movement and the co-optation of certain sectors to prevent unified labor opposition to economic reform. Reform-minded

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1970s. See Esthela Gutierrez Garza, "De la relacion salarial monopolista a la flexibilidad del trabajo, Mexico 1960-1986," in ed. E. Gutierrez Garza, *La crisis del estado del bienestar,* Vol. 2 of *Testimonios de la crisis* (Mexico: Siglo XXI Editores, 1988), 146-54. In the 1980s, however, this objective changed. Average wages in manufactuing plummeted 38 percent between 1982 and 1985, and continued their downward trend after that. The urban minimum wage fell nearly 46 percent during President De la Madrid's sexenio. Ruth Collier, *The Contradictory Alliance: State-Labor Relations and Regime Change in Mexico,* 105.

[31]For a discussion of the institutional changes in State labor relations made by the Salinas administration in Mexico see Enrique de la Garza Toledo, "The Restructuring of State-Labor Relations in Mexico," in eds. Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas, *The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico* (San Diego, Calif.: Center for US-Mexican Studies, University of California, San Diego, 1994), 195-218. James McGuire provides a detailed analysis of Menem's labor reforms in Argentina in "Economic Reform and Labor Quiescence in Menem's Argentina, 1989-1994," unpublished manuscript, Wesleyan College.

populist governments made concerted efforts to co-opt key union leaders and sectors and involve them as partners in the economic reform process. These unions tended to be in the more competitive industrial and export-oriented sectors of the economy. In these sectors a new unionism emerged which emphasized firm-level industry-labor collaboration, worker ownership of stock in privatized firms, and the decentralization of employer-worker negotiations. Their leaders were often rewarded with government positions or were visible interlocutors with State officials in the reform process.[32] The economic and institutional arrangements in the new policy coalition gave clear preference to the larger and internationally competitive sectors of business. However, those labor sectors that could take advantage of economic opportunities offered by policy reforms, as well as of political opportunities provided by cooperation with the executive, were integrated into the new populist policy coalition.

Technocrats and Peripheral Coalition Politicians in the Recasting of the Metropolitan Coalition

With the restructuring of the business and labor components of their metropolitan policy coalitions Peronism and the PRI established new bases of support for market reform. But in the process they reversed the social pact with key metropolitan constituencies which had been a bedrock of populist governance. In the interim this could be accomplished by relying on sectors outside the metropolitan coalition. In both Mexico and Argentina peripheral coalition politicians and non-party technocrats played a key role during the reform period. A much-publicized displacement within the Mexican State of traditional PRI

[32]In Mexico this also led to the formation of a new union grouping the "modern" sectors of the labor movement, the *Federación de Sindicatos de Empresas de Bienes y Servicios* (Fesebes) that took a prominent role supporting the government-led reforms. See Ilan Bizberg , "Restructuración productiva y transformación del modelo de relaciones industriales: 1988-1994," unpublished manuscript, El Colegio de México, 1995.

politicians by technocrats in the 1980s was crucial for reformers to change economic policy and to recast the metropolitan policy coalition. To an extent, this pattern was repeated by Menem in Argentina. Throughout his administration, the key economic policy-making institutions were assigned to non-Peronists. The economics ministry was first assigned to Bunge y Born executives, then briefly to Erman Gonzalez, a close collaborator of Menem during his years as governor of the remote La Rioja province, and finally to Domingo Cavallo, a non-Peronist technocrat with well established neo-liberal credentials. The Central Bank was also assigned to non-Peronist conservative technocrats.

Menem's background as governor of a poor province in the interior of the country also permitted him to rely on leaders, supporters, and party structures from the peripheral coalition as he brought the day of reckoning to the party's traditional supporters in the metropolis. Menem's presidential victory signaled a shift in Peronism's internal balance of power between metropolitan and peripheral coalitions. Key ministries in the areas of labor relations, public enterprise management, and institutional reform were assigned to leaders from the peripheral coalition --leaders with few ties and few debts to the party's urban labor constituencies.

The peripheral coalition in Mexico was also vital to Presidents de la Madrid and Salinas as they went about restructuring the metropolitan coalition. Their most important contribution was electoral. As the PRI continued to take a beating in metropolitan regions the peripheral coalition continued to deliver consistent, albeit decreasing, electoral majorities throughout the country. These majorities were enough to counter the losses suffered by the party in urban areas and to deliver the presidency to the ruling party. The peripheral coalition also ensured continued PRI dominance over local politics in many parts of the country. Tensions between technocratic elites in the executive branch and the PRI's traditional *políticos*

running the peripheral coalition were very real in Mexico, as they were in Argentina. However, a marriage of convenience was sustained by both groups' interest in holding on to their quota of State power. It provided an unlikely alliance within the populist-controlled State of internationalized technocrats and parochial politicians which saw the reform process through.

Making the Metropolitan Coalition Electorally Viable

The neo-liberal reformers in Mexico and Argentina were State elites seeking governability for their economic reform programs, but they were also party leaders concerned with the long term viability of their parties in the post reform period. The clock was ticking on the peripheral coalition's ability to deliver national majorities. New constituencies in the countries' most developed regions had to be built if Peronism and the PRI were to remain competitive in the post-developmentalist era. An updating of the metropolitan coalitions was thus pursued by leaders of these parties in the late 1980s and early 1990s. The objective was to make effective in the electoral realm the coalitional changes wrought in previous years in the policy realm. The populist parties thus sought to build new core constituencies and reorganize their urban mass base.[33] Business, now a vital member of the policy coalition, had to be organized as a core constituency in the metropolitan electoral coalition. In essence, this meant replacing the mobilizational power of labor with the financial power of business as the foundation of the metropolitan coalition's electoral organization. The populist parties also needed to organize a new mass base among contested urban constituencies. These included middle and upper middle sectors that lay outside

[33]A theoretical distinction between "core constituencies" and "mass base" in the realm of party politics is developed in my book, *Class and Conservative Parties*.

the corporatist system and the increasingly fragmented lower classes that lay beyond the reach of traditional populist party organization.

Both PRI and Peronist leaders thus aggressively courted business support for the parties' electoral campaigns. In Mexico this process advanced the furthest, for it involved not only the mobilization of financial support, but also the opening of formal links between the party and business. Business had historically been excluded from representation in the party's corporatist organization and, at least formally, from the party's campaign activities. In spite of business' privileged access to State institutions, one major legacy of the revolutionary period was the norm of the illegitimacy of business participation in ruling party politics. This changed quickly during the Salinas period. Party finance committees were established which included prominent entrepreneurs as members. As part of his dealings with business beneficiaries of his government's economic policies President Salinas actively sought their financial support for the ruling party's campaign operations.[34] At the regional level business also began to play a more prominent role in the financing of local PRI campaigns, as increasingly competitive local contests compelled local leaders to become more autonomous in the financing and organizing of electoral campaigns.[35]

PRI campaign leaders also tapped the mobilizational power of business. Seeking to renovate the party's image in key urban regions, the PRI often imposed new candidates on local party officials, and many of these candidates were well-known local business leaders. According to one report, 17 percent of PRI

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[34]The most notorious incident was the president's "request" at a gala dinner for business leaders for $25 million in campaign contributions from the participants for the PRI. See Lorenzo Meyer, "El PRI se abre a la inversion privada. Autentica elite de poder", in *Excelsior,* March 4, 1993. See also Tim Golden, "Mexican Leader asks Executives to Give Party $25 million each," *The New York Times,* March 9, 1993, p. 1.

[35]Salvador Mikel, national PRI deputy for the state of Veracruz. Interview, Mexico City, February 4, 1995.

candidates in the 1991 midterm elections came from the business community.[36] In the 1994 presidential campaign, committees of local entrepreneurs organized by the PRI, known as *Células Empresariales,* were established throughout the country. The Células mobilized support for the PRI presidential candidate in the business community, identified entrepreneurs for recruitment into the PRI, and generated funds for local campaigns.[37] The Células tapped local business of all sizes, but made special appeals to small and medium-sized sectors that had been actively courted the PRI's party rivals, the conservative *Partido Acción Nacional* (PAN) and the center-left *Partido de la Revolución Democrática* (PRD). As such, they gave the party an organizational device for capturing these constituencies away from the opposition, as well as a wedge into the urban middle classes, where the party's organized presence was weak.[38]

The now open and official relationship with business was accompanied by the restructuring of the party's relationship to its mass base. The operative term for party reformers during this period was "de-sectoralization." This meant a move away from reliance on the party's sectoral organizations, particularly its labor sector, in the mobilization of the urban vote. It also meant a stress on the party's

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[36]Fernando Ortega Pizarro, "Los empresarios, poderoza fuerza en el PRI, aunque no sean sector," *Proceso* 800, March 2, 1992, p. 21.

[37]The Células Empresariales were established by collaborators in Luis Donaldo Colosio's campaign. After his assasination, they formed part of Ernesto Zedillo's campaign. Details on the strategy behind the organization of the Células Empresariales are provided by Antonio Arguelles, one of the Células' chief PRI organizers, in "Las células empresariales en la campaña de Ernesto Zedillo," in eds. Antonio Arguelles and Manuel Villa, *México: El voto por la democracia* (Mexico City: Grupo Editorial Miguel Angel Porrua, 1994), 135-160. The political organizers of the Células maintain that these were organized strictly for mobilizing political support and establishing communication between local entrepreneurs and the party's presidential candidate, not to mobilize financial support (Interviews with Luis Antonio Arguelles and Marco Antonio Bernal, Mexico City, Feb. 4 and 5, 1995). However, a top party leader in the Mexico City region affirmed that these were also important devices for raising funds from the local business community (Interview with Roberto Campa, President of the PRI Mexico City organization, Interview, Mexico City, June 8, 1995).

[38]Ibid.

territorial organization, neighborhood-level organizations, and media campaigns.[39] Under president Salinas the by-passing of sectoral organizations and traditional party leaders was given further impetus by the creation of a new national anti-poverty program with strong electoral dimensions, the *Programa Nacional de Solidaridad* (PRONASOL). There has been much debate about PRONASOL's political and electoral mission,[40] but its impact on the PRI's ability to recapture the urban vote in key electoral districts seems undisputed. PRONASOL provided a combination of pork barrel, leadership recruitment, and vote-getting resources in contested urban districts that in some cases stemmed the party's slide, and in others permitted it to recapture majorities back from opposition parties.[41]

After 1988 the PRI managed to recover many of the losses suffered in 1988. Its metropolitan coalition in particular seemed to have been reinvigorated in subsequent elections. In the elections of 1991, the PRI's average vote total in urban areas increased significantly over 1988 (see table 2). In the 1994 presidential elections it retained its hold on the metropolitan vote. In the urbanized central region of the country the PRI mobilized close to 50 percent of the vote--up from

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[39]Roberto Campa, President President of the PRI Mexico City organization, Interview, Mexico City, June 8, 1995). This new emphasis away from sectoral organization was asserted officially by party leaders at the landmark XIVth National Assembly of the PRI in September 1990. For an analysis of the results of the XIVth assembly, see John Bailey, Denise Dresser, and Leopoldo Gómez, "XIV Asamblea del PRI: Balance Preliminar," *La Jornada,* 26 September, 1990.

[40]An edited volume devoted entirely to this subject is *Transforming State-Society Relations in Mexico: The National Solidarity Strategy,* eds. W. Cornelius, A. Craig, and J. Fox (La Jolla, Calif: Center for U.S.-Mexican Studies, University of California, San Diego, 1992).

[41]As Paul Haber notes, PRONASOL was instrumental in eroding organizational and electoral gains by the PRD in Durango and other electoral districts. Paul Haber, "Political Change in Durango: The Role of National Solidarity," in eds. W. Cornelius, A. Craig, and J. Fox,*Transforming State-Society Relations in Mexico: The National Solidarity Strategy*. Juan Molinar Horcasitas and Jeffrey Weldon also provide statistical analyses which show a strong electoral bias to PRONASOL expenditures, and a marked impact on electoral outcomes in key electoral districts. See Juan Molinar Horcasitas and Jeffrey Weldon, "Electoral Determinants and Consequences of National Solidarity," in eds. W. Cornelius, A. Craig, and J. Fox, *Transforming State-Society Relations in Mexico: The National Solidarity Strategy*.

around 37 percent in 1988. Similar results were registered in the advanced northern regions, where the PAN was strongest.[42] The 1994 election results also indicated that the PRI's appeals to privileged voters seemed to be bearing fruit. Exit polls showed the PRI running evenly with the PAN among well educated and affluent voters, while at the same time winning overwhelmingly at the bottom of the social ladder.[43] While retaining a mass base that overwhelmed its opponents, the PRI in 1994 also mobilized substantial electoral support from affluent sectors of Mexican society.

In Argentina the building of business support for the Peronist party was reflected in close collaborative relationships between key entrepreneurs and top party officials, and by the organization of party campaign finance committees sponsored by prominent members of the business community. The main strategy for building new support among urban upper and upper-middle sectors was evidenced in the party's alliance with local conservative parties which, by the late 1980s commanded over 20 percent of the vote in the pivotal city of Buenos Aires, and held the balance in several urban districts throughout the country. Local conservative parties ran joint candidates with the Peronist party in local elections, or declared their support for Peronist candidates in national elections. In several cases conservative party leaders were absorbed outright into Peronist party ranks.[44]

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[42]Federico Estevez, Instituto Tecnológico Autónomo de Mexico. Electoral data from research in progress.

[43]Exit polls conducted by Mitofsky International, Inc. indicated that the PRI received 45 percent of the "wealthy" vote and 49 percent of the "high income" vote, compared to 44 percent and 33 percent respectively for the conservative PAN. However, at the bottom of the social ladder the PRI obtained 54 percent of the "below poverty level" vote as opposed to 25 percent for the PAN. Similarly, the exit polls indicated that the PRI captured 41 percent of voters with university education, compared to 36 percent for the PAN. Poll results published in *The New York Times*, August 24, 1994, p. A4.

[44]Edward L. Gibson, *Class and Conservative Parties.*

During this period the power of party leaders within the Peronist movement increased over leaders in corporatist organizations, marking a shift within the Peronist movement's historic internal division of power.[45] In metropolitan areas new leaders from urban party organizations began to play a major role in organizing Peronist urban campaigns and running the Peronist party apparatus.[46] In a sense, this shift mirrored the PRI's shift from sectoral to territorial organization in the running of urban campaigns. It gave rise to new party leaders and organized channels for mobilizing electoral support, and displaced labor and functional organizations in the party's metropolitan electoral organization. After President Menem seized control of the Peronist party organization by becoming the party's chairman in 1991, loyal *políticos* within the urban party organization provided him with an important base of support in his struggles with opponents in the Peronist movement.

The 1995 presidential elections gave the Peronist party a major electoral victory. President Menem won the election with nearly 50 percent of the vote. The Peronist party in 1995 won big throughout the country, but its highest vote totals were in the country's least developed provinces. Its most contested showings were in the major metropolitan areas, and resistance to the Peronist ticket appeared to be strongest among urban middle sectors.[47] Nevertheless, during the six year

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[45]Peronist Party leaders usually played second fiddle to labor leaders and corporatist organization figures in the Peronist movement. This was in part due to the fact of the electoral proscription of Peronism during from the 1950s to the 1970s, and to the fact that the labor movement played a dominant role in the mobilization of mass support for the movement. See Ricardo Sidicaro, "¿Es posible la democracia en Argentina?" in ed. Alain Rouquié, *Argentina Hoy* (Buenos Aires: Siglo XXI Editores, 1985).

[46]One of these leaders, Eduardo Duhalde, was mayor of the greater Buenos Aires municipality of Lomas de Zamora. He became Menem's vice-presidential running mate in 1989, and later won election as governor of the city of Buenos Aires. In the 1995 presidential election the Duhalde party machine in Buenos Aires was credited with mobilizing an overwhelming victory for Menem in the greater Buenos Aires region.

[47]The Peronist party's presidential vote total in the 20 poorest provinces was 54 percent in 1995. In the four most economically advanced provinces it was 47 percent. The Frepaso

presidency of Carlos Menem the Peronist metropolitan coalition experienced considerable change. It was marked by the addition of upper and upper-middle class voters to its the electoral coalition. The party's growth in the city of Buenos Aires, for example, was affected by the influx of affluent voters to the Peronist camp.[48] In the greater Buenos Aires region the Peronist party also scored important wins, especially in the less affluent electoral districts, demonstrating the effectiveness of Peronist *político* electoral organization. The results presented in table 4 for the City of Buenos Aires indicate that the highest relative impact on Peronist party growth came from the "university education" and "poverty" variables. The party's urban social profile now appears somewhat discontinuous between social groups. Its support is strongest at the bottom of the social ladder and at the top of the social ladder, and is weakest in-between, suggesting that the old working class-based electoral coalition has been replaced by a popular-conservative alliance in a pivotal metropolitan region.

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coalition of dissident Peronists which ran against Menem picked up strong support from urban middle sectors. Analyses of the social bases the opposition vote currently underway by Ernesto Calvo and Edward Gibson suggest that the Frepaso coalition's strongest support in urban areas came from self-employed workers and white collar employees. Ernesto Calvo and Edward Gibson, "The Social Bases of the 1995 Presidential Elections in Argentina," manuscript in progress.

[48]According to my own calculations the correlation coefficients for the relationship between the Peronist party's electoral growth in congressional elections between 1989 and 1993 in the city of Buenos Aires and a "social status" variable which combined income, education, and occupation was .717 (n=28 electoral districts), suggesting that the party's growth in that city was closely associated with the transfer of upper and upper-middle class votes from local conservative parties to the Peronist party. See Edward L. Gibson, *Class and Conservative Parties*.

Table 4
Peronist Party Growth Between 1989 and 1993
and Selected Socioeconomic Variables
City of Buenos Aires Congressional Elections
(Multiple Regression Analysis)

	Parameter Estimate	Standardized Regression Coefficient	t-value
Intercept	9.819		
University Education	.754	.556	6.7*
Poverty	.169	.152	2.1**
Employer/Owner	-.376	-.106	1.2
Self Employment	-.293	-.089	1.1
Employee/worker	-.203	-.097	1.0

Note: R-squared coefficient is .252.
*Significant at the .01 level.
**Significant at the .05 level.
N=209 electoral circuits.
Source: Socioeconomic data taken from the 1980 Argentine census.

Conclusion

This paper has attempted to cast a new perspective on the coalitional dynamics of Peronism in Argentina and the PRI in Mexico. The analysis starts off with the suggestion that coalition-building is strongly shaped by the interplay between policy-making and electoral politics, and that constituencies within a governing party's coalition can be distinguished according to their importance to the pursuit of either of those tasks. For analytical purposes it is thus useful to conceive of governing parties as relying upon a policy coalition and an electoral coalition.

The division of policy and electoral tasks between the social constituencies of Peronism and the PRI was strongly shaped by regional factors. This insight leads to one of the main arguments of this essay: the emphasis on class dynamics of populist coalition-building which has dominated scholarship on these two movements should be complemented by attention to the regional dynamics of the Peronist and PRI coalitions. Peronism and the PRI were more than class coalitions

with strong ties to labor. They were also regional alliances encompassing two sub-coalitions with markedly different social characteristics and different tasks in the reproduction of populist power. A metropolitan coalition incorporated new social actors into the political process. It gave impetus to the reorganization of the national political economy and to state-led models of development. A peripheral coalition extended the parties' territorial reach throughout the more economically backward regions of the country and became vital to generating national electoral majorities. Modernity and tradition thus coexisted as part of the regional bargain that gave populism its national reach, created an internal balance of power, and led to a political division of labor vital to the political viability of populist movements.

The regional division of policy and electoral tasks was determined by the markedly different social characteristics of the metropolitan and peripheral regions, as well as by the social and demographic importance of the latter regions. This pattern appears to have been reproduced in other experiences of reformist or populist party coalition-building in contexts of underdevelopment. It also sheds light on of the factors limiting the reformist potential of populist and center-left parties in developing countries or contexts of marked regional economic imbalances. Such parties must reconcile their drive for social change with their need for political order and support throughout the national territory. Disparities in socioeconomic development between regions renders it almost inevitable for national parties, regardless of their transformative policy orientations, to pact with the forces of tradition that can guarantee order and political support in the territories they control. If these territories lie outside the reach of the reformist parties' original transformative agenda, so much the better. If not, the pact itself will set clear geographic limits to that agenda. The 1930s Democratic Party coalition in the United States, which linked labor and progressive Northern constituencies to a Southern segregationist plantocracy, gave the Democratic Party

a national electoral reach while placing the American South off- limits to the progressive agenda of New Deal policies.[49] Similarly, the Congress Party of India, and the center-left SLFP-led coalition in Sri Lanka, were unions of policy and electoral coalitions that were regionally differentiated and unevenly affected by the reformist economic policies pursued by the central government.

The more recent experiences of free-market reform, however, suggest that the relationship between coalitions is not static; nor does it define the party's social and policy orientations indelibly. Quite to the contrary, the coexistence of two functionally distinctive coalitions under one institutional umbrella can provide leaders with the resources and coalitional flexibility required for enacting major policy shifts. The dual dependence on policy and electoral coalitions by Peronism and the PRI placed limits on their original transformative potential, but it also created an internal balance of power that aided political leaders greatly during the reform periods of the late 1980s and early 1990s. In Mexico and Argentina the electoral leverage provided by the peripheral coalitions gave leaders a critical degree of autonomy from their old policy coalitions when they decided to pursue free market reforms. The disruption caused by the recasting of the metropolitan policy coalition was countered by the stabilizing effect of the peripheral coalition's electoral weight. This situation in essence made the transitional costs of policy change sustainable in electoral terms. Similarly, in the case of Sri Lanka today, the once-leftist governing coalition has relied on its peripheral coalition's electoral support while pursuing major free market reforms against the resistance of its metropolitan constituencies.[50] Disagregating the functional and territorial

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[49]For an anlysis of the regional bargain involved in the New Deal, as well as of other effects of regionalism on U.S. national politics, see Robert F. Bensel, *Sectionalism in American Political Development: 1880-1980,* (Madison, WI: The University of Wisconsin Press, 1984).

[50]For an analysis of the Sri Lankan case, which explicitly uses the analytical framework presented in this essay, see Mick Moore, "Taking the Left to the Right: Policy and Electoral

components of coalition-building is thus important not only for an accurate historical understanding of the origins and evolution of populist parties, but also for a more nuanced understanding of the coalitional dynamics at play when such parties undertake market-oriented economic reforms.

Regarding the specific evolution of Peronism and the PRI, certain trends in their historic sub-coalitions might be highlighted. In the metropolitan coalition one visible development has been *a new political incorporation of business.* This provides us with a historical counterpart to the incorporation of the labor movement by populist movements in the 1930s and 1940's. If Ruth and David Collier are correct in asserting that, as a result of the populist incorporation of labor, state-labor relations have served as a "coalitional fulcrum" in Latin American politics for much of the 20th century, we could perhaps affirm a new coalitional situation today.[51] It seems plausible to suggest that, in this period of political and economic realignment, State-business relations have displaced State-labor relations as the "coalitional fulcrum" of contemporary Latin American politics.

At the policy level, business, which for decades had been a favored interlocutor in the State's relations with social groups, now finds itself in a prominent and more autonomous role, less fettered by a corporatist balance of power that forced it to negotiate with a centralized and politically integrated labor movement. In addition, business now finds itself openly drawn into party politics, an arena which until recently it had avoided. In both Mexico and Argentina the relationship between business and political parties has become open, and the countries' populist parties have become vigorous contenders for the electoral

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Components in Populist Coalitions in Sri Lanka," MIT, Department of Urban Studies and Planning, and the Institute of Development Studies, University of Sussex, manuscript.

[51]Ruth and David Collier, *Shaping the Political Arena,* 40.

support of the propertied and socially privileged. This may well portend, as a political sequel to the economic reform process, a "popular conservative" future for Peronism and the PRI as they organize themselves for political competition in the neo-liberal era. If so, it is a struggle still to be won. Opposition parties, such as Mexico's PAN, may well thwart the PRI's overtures to the business community,[52] and resistance within Peronism and the PRI's traditional bases of support to the social conservatization of their metropolitan constituencies threaten its development at every turn.

Another issue relates to the changing relationship between the metropolitan and peripheral coalitions. Tensions between the parties along regional lines are likely to increase as the reform process shifts resources and power between peripheral and metropolitan leaders and constituencies. The declining electoral weight of the peripheral coalitions and the modernization and urbanization of Mexican and Argentine societies suggest that the division of functional tasks between regional constituencies will decline in the future.[53] The restructuring of the metropolitan coalition and the shifting of electoral tasks to the parties' metropolitan constituencies and political organization will undoubtedly spark important internal power struggles as peripheral coalition members' strive to hold on to their declining shares of power.

In addition, tensions between the peripheral coalition and the populist parties' free market policy orientations are likely to wrack both parties in the years to come. Although this essay has focused on conflicts between the parties and their

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[52]The economic crisis unleashed by the December 1994 devaluation in Mexico certainly increases the possibilities that the PAN will erode privileged strata support for the PRI.

[53]In Argentina this trend can be expected to accelerate as a result of the 1994 reform of the national constitution. Under the old constitution the provinces of the interior of the country were over-represented in national elections because of the regional apportionment of votes in the National Electoral College. With the abolition of the Electoral College the peripheral coalition's electoral weight will more closely reflect its actual population size.

metropolitan constituencies over neo-liberal reform, it should be stressed that important tensions also exist on this issue between party leaders and the peripheral coalition. In Argentina the interior provinces have historically been the most dependent on State subsidies and have been ardent resisters of free-market policies. During President Menem's presidency they have shouldered enormous economic burdens, and now face a period of harsh fiscal adjustment imposed by the central government.[54] In Mexico the regional economic impact of neo-liberal reforms have been particularly hard on the peripheral coalition. In addition, the peripheral coalition also provides a powerful bastion of opposition to party reform and democratization. PRI *dinosaurios* are strongly entrenched in the peripheral coalition, and conflicts between them and PRI elites in the presidency have been a powerful source of disharmony in the party. The temporary alliance between technocrats and peripheral coalition *políticos* which access to state power helped to maintain cannot be expected to last indefinitely. In both Mexico and Argentina continued conflicts between them will shape the evolution of populism well into the post-developmentalist era.

[54]Economy Minister Cavallo's plan for the "Second Reform of the State," announced in late 1995, envisages a major fiscal reform for the country's provincial governments.