Abstract:

International remittances are the second largest source of external funding for developing countries. While scholars and policymakers have focused on the economic and social factors influencing remittances, as well as their economic impact, their political importance has been largely overlooked. This paper argues that migrants who maintain economic ties with their home country may also maintain political ties, and as such remittances may systematically reflect migrants’ political involvement. A time-series cross-sectional analysis of remittance flows to 109 developing countries from 1990 to 2005, and an analysis of the 2000 and 2006 Mexican presidential elections, find that migrants send more money home in years in which competitive elections are held in the home country. Consistent with the idea that remittances reflect social, economic and political concerns, this effect is greater the more competitive the election, the poorer the home country, and the fewer the competing demands for remittances.
Migrants’ remittances have become an important source of foreign capital for developing countries. As of 2005, remittances were almost ninety percent as large as foreign direct investment flows and outstripped official development assistance, making remittances the second largest source of external funding for developing countries. Remittances help reduce poverty and income volatility, increase health and education expenditures, and provide investment capital for small-scale entrepreneurs.¹ In light of the magnitude of remittance flows and their economic benefits, remittances are seen as “an important and stable source of external development finance”.²

The development community’s advice to encourage remittances as a source of development funding has not fallen on deaf ears.³ Many governments have set up matching funds programs where remittances directed toward development projects are matched by up to three times their amount, while others have attempted to raise development capital by creating special migrant bonds and bank accounts.⁴ Missing in most of these discussions, however, is the role migrants play beyond bankrolling development. While migrants’ remittances may represent a convenient source of capital, such capital should not be treated as a contribution from a silent partner. Far from being disinterested actors, migrants who are sufficiently connected to their home communities to contribute economically may want to participate politically as well.

As Hillel Rapoport and Frederic Docquier document, “remittances differ from most private transfers observed in Western countries in that additional motives (insurance, investment, and exchanges of various types of services) are central to explaining transfer behavior.”⁵ While scholars have recognized that remittances may reflect multiple goals, cross-national quantitative analyses of remittances have largely ignored the potential political motivations of remitters. This paper provides the first systematic cross-national evidence that remittances also reflect migrants’
political motivations.

Elections provide one of the most important opportunities for migrants to affect political outcomes back home. Although scholars usually treat elections as purely domestic matters, elections are increasingly influenced by international actors and conducted on the international stage. This paper argues that politically motivated remittances should increase in election years, particularly when the election is competitive and when migrants’ political contributions may have a greater impact on the fortunes of their home country’s political elites.

This paper presents a time-series cross-sectional analysis of remittance flows to 109 developing countries from 1990 to 2005. Although aggregate remittance data cannot distinguish the specific purposes for which remittances are used, the correlation between remittance flows and home-country political factors provides strong evidence of the systematic nature of politically-motivated remittances. Migrants send more money home in election years. This effect is greater the more competitive the election, the poorer the home country, and the fewer the competing demands for remittances, such as economic downturns or natural disasters. The possibility that the increase in election-year remittances serves as an insurance policy to offset the greater uncertainty that a competitive election may generate is considered and rejected, and further evidence of the importance of perceptions of the competitiveness of elections is provided through a closer examination of the 2000 and 2006 Mexican presidential elections.

Remittances as a source of political capital

Cross-national analyses of remittances have generally ignored the political motives of migrants. Implicitly, this rests on the assumption that migrants are not politically involved in their home countries, or to the extent that they are politically involved, they do not use a
significant amount of money to further their political aims. This contrasts with many country-
and micro-level studies that have identified specific cases of politically-motivated remittances,
and emphasize that migrants are often important political actors in their home country.

Many migrants maintain political ties with their home countries. These ties range from
following political news through home country media,\textsuperscript{7} to participating in domestic elections,\textsuperscript{8}
and shaping the political debate in their countries of origin.\textsuperscript{9} Many migrants also actively shape
home country politics. A key desideratum for many migrants is political recognition, in
particular the right to vote—a right that is increasingly being extended and exercised.\textsuperscript{10} For
countries that do not allow for absentee voting, migrants may even return home to vote, with
trips sometimes subsidized by political parties.\textsuperscript{11}

Moreover, these political ties appear to persist over time. In contrast to early models of
migrant behavior in which migrants were expected to assimilate into their host country’s society
and abandon ties with their country of origin, recent empirical analyses find that migrants neither
fully assimilate into their host country’s society nor sever their ties with their home country. In
fact, Guarnizo, Portes and Haller find that

\begin{quote}
\textbf{it is not the least educated, more marginal, or more recent arrivals who are most prone
to retain ties with their home country politics…Eeducated immigrants are more capable
of following events in their home countries and seeking a role in them; the passage of
time and acquisition of U.S. citizenship do not necessarily reduce this interest since
their assimilative potential is balanced by the greater security and stability that they
produce. A U.S. passport enables former migrants to travel back and forth without
restrictions; greater time in the United States is usually associated with economic
stability and more resources to invest in favored political causes.}\textsuperscript{12}
\end{quote}
In light of these findings, many migration scholars view migrants as transnational actors who maintain a stable, active relationship with their home and host countries. With the large number of migrants and migrants’ enduring ties to their home countries, “immigrant communities turn into an unexpected, but increasingly visible actor in the politics of their home towns and countries”.

As countries’ expatriate communities expand, political parties are increasingly treating migrants as political assets. Many parties have opened overseas chapters in migrant communities, and political candidates are campaigning and fundraising abroad. Examples abound. Elections in the Dominican Republic are contested both at home and in the United States, and campaign contributions from the United States account for ten to fifteen percent of major Dominican parties’ revenues. In Ethiopia, both major political coalitions are dependent on diaspora organizations for their funding. Turkish opposition parties use overseas campaign trips to make political announcements and fill the party coffers. Gujarati politicians engage in political debate in New Jersey, and the Indian Bharatiya Janata Party relies on funds raised in the United States, Great Britain and Australia. Government officials from Ghana, Kenya, and El Salvador have held meetings abroad to mitigate migrants’ support for opposition parties. With rising migration, political campaigns are becoming increasingly global as parties fight for migrants’ funding and support.

Migrants’ political importance in their home countries often reflects their financial resources. In particular, migrants’ remittances may provide remitters with economic leverage that can translate into political influence. As Ricardo Monreal, a former governor of the state of Zacatecas, Mexico notes, “[migrants’] economic influence is huge and their political clout as a consequence of that is huge too”. Most directly, as the examples presented above demonstrate,
migrants may provide significant financial support for politicians’ and parties’ political activities. By underwriting political campaigns, migrants may affect political outcomes.

Political contributions may be given directly to parties by migrants, or passed on to politicians by migrants’ families. However, not all politically-motivated remittances are direct political contributions. Sending money home to family members may also provide migrants with political leverage. Jonathan Fox has found that many migrants view their family’s pursuit of their political goals as an explicit quid-pro-quo for their economic support.\(^\text{24}\)

The political leverage that migrants gain from remittances is not limited to their direct political contributions or their influence with family back home. Collective remittances, in which groups of migrants, usually organized through hometown associations, finance local development projects in their community of origin, may give migrants a voice in budgetary policy-making and privilege migrants’ spending priorities.\(^\text{25}\) As Guarnizo, Portes and Haller argue, “activities of this type are political because they influence local and regional governments by determining which public projects receive migrants’ financial support”.\(^\text{26}\) Ayse Caglar, Luin Goldring, and Manuel Orozco extend this point, arguing that political influence, both locally and nationally, is an explicit goal of hometown associations.\(^\text{27}\)

Through direct political contributions, funding for community projects, and financial support for family members, remittances have provided migrants with political capital. The research discussed above has identified individual examples in which migrants have used their economic leverage to influence political outcomes. However, while this literature provides strong evidence that migrants have engaged in politically-motivated remittances, it cannot assess the prevalence of political remittances more broadly or the degree to which such remittances are systematically influenced by political factors. The goal of this paper is to analyze aggregate
Elections and Politically-Motivated Remittances

In light of the political influence migrants may gain through remittances, migrants’ decision to remit may be politically motivated. For migrants wishing to affect political outcomes, sending money home may be an effective strategy. If so, politically-motivated remittances should increase when migrants can exert more influence on politics. Elections provide one of the most important opportunities for migrants to affect political outcomes back home. With elections looming, political elites are most open to influence, both directly through processes of selection and replacement, and indirectly as politicians become more responsive to public opinion. Politicians are also most in need of money at this time, providing potential donors, such as remitters, with greater leverage. As a result, if migrants’ decision to remit is sensitive to the electoral environment in their country of origin, remittances should be higher in election years than in non-election years, all else equal. This leads to Hypothesis 1.

H₁: Remittances are higher in election years than in non-election years.

Politically-motivated remittances should depend on the political and economic context in which the election occurs. Migrants are likely to send more money home in election years in which their remittances have greater political leverage. If an election is not competitive, the political leverage of migrants’ money should be no greater in an election year than in a non-election year. The competitiveness of elections should vary systematically across elections and countries. First, not all elections are equal. While elections are becoming more common in developing countries, not all of these elections meet the minimum conditions for competitive
elections. In particular, in many elections opposition participation is heavily restricted or curtailed entirely, resulting in a low probability of alternation in power. Structurally uncompetitive elections provide migrants with less of an opportunity to influence politics. As a result, politically-motivated remittances should be limited to elections in which, at a minimum, the opposition is allowed to participate. This leads to Hypothesis 2.

H2: Remittances are higher in election years in which opposition participation is not restricted.

Similarly, elections in which the incumbent runs tend to be less competitive than elections in which the incumbent does not run. This incumbency advantage extends to incumbents’ chosen successors, as well. Many executives in developing countries face term limits, which restrict the incumbent’s ability to run in successive elections. When the incumbent cannot stand for reelection, a successor is often chosen to run. While successors are not as successful as incumbents in elections, they still have a considerable electoral advantage. As a result, elections in which incumbents or chosen successors do not run may provide greater opportunities for migrants to influence politics than elections in which an incumbent or successor does run. This effect should apply regardless of whether migrants support the incumbent, the opposition or both. This leads to Hypothesis 3.

H3: Remittances are higher in election years in which the incumbent or chosen successor does not run.

Finally, the extent to which remittances influence political outcomes may depend upon how wealthy the country is. For poorer countries, because there is less money available domestically for political purposes, politically-motivated remittances may provide ‘more bang for the buck’. As a result, the less wealthy the country, the more influence politically-motivated
remittances may provide for migrants. This leads to Hypothesis 4.\textsuperscript{32}

\textbf{H}_4: The effect of an election on remittances is negatively correlated with the home country’s economic wealth.

Economic context matters, as well. The amount of money available for politically-motivated remittances may depend upon the competing uses of remittances. When migrants face competing demands for their remittances, they may direct fewer remittances toward politics. For example, Dean Yang finds that migrants send more remittances home when their home country is struck by a natural disaster.\textsuperscript{33} As a result, while a natural disaster may lead to higher remittances overall, an increase in remittances in response to a natural disaster may reduce the amount of money migrants have at their disposal to invest in politics. If so, then politically-motivated remittances should be negatively correlated with natural disasters. This leads to Hypothesis 5.

\textbf{H}_5: The effect of an election on remittances is negatively correlated with the incidence of natural disasters.

More generally, politically-motivated remittances may decrease as economic conditions deteriorate in the home country. Remittances tend to be countercyclical.\textsuperscript{34} That is, migrants send more money home when the home economy is doing poorly, leading analysts to view remittances as a form of income insurance for the migrant’s family back home.\textsuperscript{35} Due to the higher level of remittances that migrants send home to cushion their family from the effects of the poor economy, migrants have less money to devote to politics. As a result, migrants may be less able to engage in politically-motivated remittances when the home country’s economy is doing poorly. This leads to Hypothesis 6.

\textbf{H}_6: The effect of an election on remittances is positively correlated with home country
economic growth.

Cross-National Empirical Analysis

The discussion presented in the previous section suggests that migrants’ decision to remit may reflect political considerations, and in particular their home countries’ electoral calendars. To substantiate this argument, the hypotheses developed above are tested in this section through a time-series cross-sectional analysis of annual remittance flows to 109 developing countries, from 1990 to 2005.36

The estimation technique employed is linear regression with panel corrected standard errors. Given the unbalanced and heterogeneous nature of the sample, linear regression with panel corrected standard errors represents a valuable combination that gains explanatory leverage from cross-national and cross-temporal data, while correcting for possible spatial and temporal correlation of errors. However, because the results may be a function of this specific estimation technique, either through the inclusion of panel-corrected standard errors, or through the exclusion of country and year controls, four alternative model specifications are presented in the Online Appendix. The first alternative model specification is a random effects model with robust standard errors clustered by country, which is similar to the specification presented here, but with a different error-correction model. The second and third alternative specifications include year and country dummies respectively to control for the possibility of temporal and spatial effects driving the results. The fourth specification is an Arellano-Bond linear dynamic panel model. The results remain statistically significant and substantively similar across all four alternative specifications, with the exception that Hypothesis 4, which tests a cross-national, rather than a within-country effect, does not receive support when country controls are included.
Ideally, the dependent variable for this analysis would explicitly identify politically-motivated remittances, discriminating between politically-motivated and economically-motivated remittances. Unfortunately, such data do not exist. The research strategy adopted here is to examine aggregate remittance flows, testing for evidence that they are partly driven by political motives while controlling for other factors known to influence remittance flows. This research strategy is a commonly adopted approach when analyzing aggregate economic data, as is the case, for example, in analyses of government spending,\textsuperscript{37} political business cycles,\textsuperscript{38} trade flows,\textsuperscript{39} and foreign direct investment.\textsuperscript{40}

The dependent variable for this analysis is remittance inflows as a percent of the home country’s gross domestic product (\textit{Remittances as a \% of GDP}).\textsuperscript{41} This is a composite measure of officially-recorded flows of workers’ remittances, compensation of employees, and migrant transfers. While each of these categories is analytically distinct, they are practically indistinguishable for most countries.\textsuperscript{42} More fundamentally, because remittances are often transferred unofficially, official measures underestimate remittance flows.\textsuperscript{43} As a result, official remittance flows do not capture the universe of remittances, and thus, unofficial remittances remain outside the scope of this dataset. This omission suggests that the results be interpreted with a degree of caution. With respect to politically-motivated remittances in particular, if migrants are more likely to transmit politically-motivated remittances unofficially, then the results reported below will underestimate the level of political remittances. Descriptive statistics are presented in Table 1.

[Table 1 about here]

In order to be confident in the effect of elections on remittance flows when using this measure, it is necessary to consider migrants’ other motivations and other factors that may
influence remittance flows. Therefore, before turning to the electoral impetus for remittances, I develop a baseline model for remittance flows. To do so, I build on the empirical results of recent analyses by Yoko Niimi and Caglar Ozden, and Caroline Freund and Nikola Spatafora, which examine the determinants of remittance flows cross-nationally. Remittance flows tend to reflect economic conditions in the home country. Remittances are most often viewed as an income supplement for a migrant’s family, and as a form of insurance against bad economic times. In keeping with these two motives, remittances are expected to be higher for poorer countries, and for countries undergoing economic downturns. Interestingly, while Niimi and Ozden and Freund and Spatafora find strong support for the negative correlation between home country income and remittance flows, there is no clear impact for economic growth. One explanation for the lack of a relationship between remittances and economic growth is that while migrants may remit more in bad times to cushion their families from the poor economy, they might also remit more in good times as an economic investment. To control for the effects of the home country’s economy on remittance inflows, I include measures for the home country’s economic income (GDP per capita, ln) and growth rate (GDP growth).

In addition to economic conditions in the home country, Yang finds that remittances increase in the face of natural disasters. To control for the effect of natural disasters on remittance flows, I include Natural Disasters per capita. Cross-national natural disaster data are available from the Centre for Research on the Epidemiology of Disasters at the Université Catholique de Louvain – Ecole de Santé Publique. From these data, I create a count variable for the number of natural disasters that occurred annually in each country. To control for the fact that larger countries experience a greater incidence of disasters, the disaster count data are divided by the county’s population (in millions), creating the variable Natural Disasters per
Global economic conditions matter as well. First, migrants’ economic fortunes affect how much money they can send home—higher migrant income is associated with higher remittances. This finding is well-established at the level of the individual migrant, but has not been the focus of cross-national work due to the difficulty in identifying where a country’s migrants have migrated. Christopher Parsons, Ronald Skeldon, Terrie Walmsley, and Alan Winters have developed an international bilateral migration stock database for 226 by 226 countries that helps address this problem. Their dataset, which is based on country census data for the year 2000, reports for each home country the number of migrants residing in each of the other 225 countries. I transform these dyadic data into the percentage of the home country’s migrant stock residing in each country. I then use these percentages to weight migrant-receiving countries’ GDP per capita and GDP growth to create measures of Migrant Stock GDP per capita and Migrant Stock GDP Growth. These measures constitute cross-national proxies for migrants’ economic conditions. In keeping with individual level results, I expect that remittances will be positively correlated with both Migrant Stock GDP per capita and Migrant Stock GDP Growth.

Second, as an international capital flow, remittances may respond to global investment opportunities. In particular, remittances to developing countries may be negatively correlated with investment opportunities in developed countries. Such investment opportunities are more likely the better economic performance is in developed economies. To control for this, High Income Country GDP Growth is included in the analyses. Third, as global migration increases, remittance flows may also reflect the number of foreign nationals living in the home country. As the number of migrants living in the home country increases, the amount of remittances going to these households may also increase. To capture this effect, I include a measure for the home
country’s international migrant stock ($Migrant\ Stock, \ ln$).\textsuperscript{55}

Finally, as with most time series variables, the best indicator of remittance flows in the current period is remittance flows in the previous period. Therefore, a one period lag of the dependent variable is included as an explanatory variable.

Model 1 in Table 2 presents the baseline model for Remittances as a % of GDP. These results comport well with previous cross-national analyses of the determinants of remittances. As expected, Remittances as a % of GDP, lagged is a strong predictor of remittances in the current period. Similarly, an increase in the country’s international migrant stock ($Migrant\ Stock, \ ln$) is correlated with an increase in remittances. In contrast, home country economic wealth ($GDP\ per\ capita, \ ln$) and economic performance ($GDP\ Growth$) are negatively correlated with remittances. Richer countries and countries with strong economic performance appear to receive lower levels of remittances than poorer countries and countries with weak economic growth. Consistent with these results, which suggest that remittances act as an income supplement in poor economic conditions, remittances are positively associated with the incidence of natural disasters ($Natural\ Disasters\ per\ capita$).

[Table 2 about here]

With respect to migrants’ economic characteristics, both $Migrant\ Stock\ GDP\ per\ capita$ and $Migrant\ Stock\ GDP\ Growth$ are positively correlated with remittance flows, but only $Migrant\ Stock\ GDP\ per\ capita$ is statistically significant. This suggests that while migrants’ long-run wealth may affect their decision to remit, short-run fluctuations may have relatively little effect. The recent decline in the growth rate of remittances from the U.S., which respondents in an Inter-American Development Bank survey attribute to the slowdown in the U.S. economy, belies this implication.\textsuperscript{56} An alternative explanation for the lack of statistical
significance for *Migrant Stock GDP Growth* may be that this measure is a relatively noisy proxy for migrants’ economic performance. To the extent that migrants’ economic performance does not fully reflect that of their country of residence, then *Migrant Stock GDP Growth* will not fully capture migrants’ economic context.\(^{57}\)

Finally, remittances appear to respond less to investment opportunities than do other international capital flows. Although remittances are negatively associated with *High Income Country GDP Growth*, the relationship is not statistically significant. This result is in line with previous studies that find that migrants’ decision to remit is more likely to reflect altruistic and familial concerns than market-based investment opportunities.\(^{58}\)

Turning to the electoral impetus for remittances, election data are from Susan Hyde and Nikolay Marinov, which includes descriptive information on all elections for national office in developing countries.\(^{59}\)

To test Hypothesis 1, that remittances are higher in election years than in non-election years, *All Elections*, which is coded 1 in a year in which an election is held and 0 otherwise, is included in Model 2. By this measure, there are 399 elections in the sample. If Hypothesis 1 is correct, *All Elections* should be positively and significantly associated with *Remittances as a % of GDP*. The results in Model 2 provide weak support for this hypothesis. *All Elections* is positive, suggesting that remittances are higher in election years than in non-election years. However, this result is only statistically significant at the 84% level, well below conventional levels of significance. The weakness of this result may reflect the inclusion of structurally uncompetitive elections in *All Elections*, and leads to Hypothesis 2.

Hypothesis 2, that remittances are higher in election years in which opposition participation is not restricted, represents a scope condition for Hypothesis 1. To test Hypothesis
2, *All Elections* is replaced with *Competitive Elections* in Model 3. A priori uncompetitive elections are identified based on three questions in included in Hyde and Marinov’s dataset: “Was opposition allowed?”, “Was more than one party legal?”, and “Was there a choice of candidates on the ballot?”. *Competitive Elections* is coded as 1 if the answer to all three questions is “yes” and 0 otherwise, generating a list of 375 elections in which competition is possible.\(^6\) *Competitive Elections* is positive and statistically significant at the 93% level in Model 3, suggesting that migrants do send more money home in years in which competitive elections are held. Based on these results, there is support for Hypothesis 2; politically-motivated remittances appear larger when elections include opposition candidates.\(^6\) Substantively, these results suggest that in years with competitive elections remittances increase by 0.2 percentage points of GDP—increasing remittances on average from 4.1% of GDP to 4.3% of GDP, a five percent increase in remittance flows. To illustrate this for Tunisia, a fairly typical country in the sample, increasing remittances by 0.2% of GDP in 2005 would have resulted in a $16.7 million increase in remittances.\(^6\)

Turning to Hypothesis 3, although *Competitive Elections* excludes elections that are structurally uncompetitive, many of the elections included in *Competitive Elections* may not have been highly competitive in practice. There is a strong incumbency bias in developing country elections limiting the extent to which election years provide greater opportunities for political influence than non-election years. Thus, migrants may perceive elections in which the incumbent or the incumbent’s chosen successor runs to be less open to their influence than elections in which neither the incumbent nor their chosen successor runs. As a result, migrants may remit fewer politically-motivated remittances in election years in which the incumbent or successor runs.\(^6\) To test this hypothesis, I bifurcate *Competitive Elections* into *Incumbent or
Successor Runs (183 elections) and Neither Incumbent nor Successor Runs (192 elections). If migrants only engage in politically-motivated remittances when the incumbent or chosen successor does not run, then Neither Incumbent nor Successor Runs should be positive and significant, and Incumbent or Successor Runs should not be significantly different from zero. Turning to Model 4, the results are supportive of Hypothesis 3. The coefficient for Neither Incumbent nor Successor Runs (0.3 percentage points of GDP) is three times as large as the coefficient for Incumbent or Successor Runs, and is statistically significant. In contrast, there is no support for the existence of politically-motivated remittances when the incumbent or chosen successor runs. This suggests that higher levels of electoral uncertainty may generate more remittances, and that when it comes to engaging in politically-motivated remittances, migrants care not only about whether an election occurs, but also about the extent to which elections provide a distinct opportunity for political influence.

Model 5 in Table 3 tests Hypothesis 4, that the effect of an election on remittances is negatively correlated with the home country’s economic wealth. To test this hypothesis, Competitive Elections, and an interaction between Competitive Elections and GDP per capita, ln is included. If Hypothesis 4 is correct, we would expect the largest increase in election-year remittances to occur at the lowest level of GDP per capita, ln, and for election-year remittances to taper off as GDP per capita, ln increases. With respect to Model 5, Competitive Elections ought to be positive, while Competitive Elections x GDP per capita, ln ought to be negative, as is the case.

Because Model 5 tests an interactive effect, the size and significance of this effect is difficult to ascertain from the regression results. To better gauge support for Hypothesis 4, Figure [Table 3 about here]
1 graphically displays the marginal effect of Competitive Elections as GDP per capita, ln varies. In keeping with Hypothesis 4, Figure 1 displays a significant increase in election-year remittances when GDP per capita is below $2,300. In contrast, when GDP per capita is above $2,300, politically-motivated remittances do not appear statistically significant. To contextualize this result, seventy-three percent of the observations within the sample have a GDP per capita below $2,300. Two conclusions can be drawn from these results. First, in keeping with Hypothesis 4, the poorer the home country, the more financially active migrants may be in politics. Second, although politically-motivated remittances may be more prevalent in poorer developing countries, such remittances appear to be a common feature of developing country elections.

[Figure 1 about here]

Taken together the results for Hypotheses 2-4 provide strong support for the argument that migrants send more money home in election years. Moreover, these results suggest that migrants’ decision to engage in politically-motivated remittances reflects not simply the electoral calendar, but also the degree to which the electoral process provides an opportunity for their remittances to influence politics. Migrants appear to send more money home when the opposition is allowed to run, when the incumbent or chosen successor does not run, and when their home country is relatively poor.

While Hypotheses 2-4 examine how the political context affects migrants’ decision to engage in politically-motivated remittances, Hypotheses 5 and 6 focus on whether competing demands for remittances constrain politically-motivated remittances. Hypothesis 5, that the effect of an election on remittances is negatively correlated with the incidence of natural disasters, is tested in Model 6. To examine the constraining effect of natural disasters, Competitive Elections
and an interaction between Competitive Elections and Natural Disasters per capita is included in Model 6. If natural disasters act as a constraint on migrants’ ability to engage in politically-motivated remittances, then Competitive Elections should be positive, while Competitive Elections $\times$ Natural Disasters per capita should be negative. Turning to Model 6, this appears to hold. When a country experiences no natural disasters, remittances are 0.3 percentage points of GDP higher in an election year than in a non-election year. As Natural Disasters per capita increase, election-year remittances decline.

This is more easily observed graphically in Figure 2, which portrays the marginal effect of Competitive Elections as Natural Disasters per capita varies. As can be seen in Figure 2, politically-motivated remittances appear statistically significant when Natural Disasters per capita is less than 0.23. While 0.23 natural disasters per one million people is not a substantively meaningful amount, it corresponds with the 77th percentile of Natural Disasters per capita in the sample. Based on these results, there is statistically significant evidence of increased remittances in election years for 77 percent of the observations included in this sample. In contrast, for the 23 percent of the sample with the highest amount of natural disasters per capita, there is no significant evidence of increased election-year remittances. These results suggest that migrants’ ability to engage in politically-motivated remittances may be constrained by competing demands for remittances. As migrants direct more money toward ameliorating the deleterious effects of natural disasters, there may be less money directed toward politics.

[Figure 2 about here]

Finally, Model 7 tests Hypothesis 6, that the effect of an election on remittances is positively correlated with home country economic growth. To do so, Competitive Elections is interacted with GDP Growth. If Hypothesis 6 is correct, then both Competitive Elections and
Competitive Elections x GDP Growth should be positive, suggesting that election-year remittances increase as GDP Growth increases. Based on the results reported in Table 2, there appears to be support for the constraining effect of poor economic performance. These results are presented graphically in Figure 3. As can be seen in Figure 3, election-year remittances are positive and significant when GDP Growth is greater than 2.85 percent. Seventy percent of the observations in the sample experienced an economic growth rate above 2.85 percent. These results suggest that when called upon to provide remittances to offset the deleterious effects of poor economic performance, migrants may have fewer resources available to invest in politically-motivated remittances. However, most of the time (seventy percent of the time), this constraint on migrants’ ability to engage in election-year remittances does not appear to bind.

[Figure 3 about here]

The results presented in this section provide strong support for the argument that remittance flows reflect not only economic considerations, but political considerations as well. Consistent with the argument that remittance flows are influenced by a range of goals that migrants have, the responsiveness of remittance flows to migrants’ home countries’ electoral calendars appears to be dependent on the political and economic context. Remittances increase in election years only when the election is competitive, as captured by the presence of opposition candidates, and by the absence of incumbents or their chosen successors. These remittances are higher in poorer countries, where they may provide migrants with more ‘bang for the buck’. This is not to suggest that migrants’ political interests trump their other concerns when it comes to remittances. In fact, politically-motivated remittances appear to decline or even disappear when migrants face strong competing demands for their remittances, as is the case when their home country is struck by a natural disaster or poor economic growth. Despite these competing
demands, politically-motivated remittances appear prevalent.

Thus far, the empirical results have been analyzed with the theoretic expectation that an increase in election-year remittances reflects migrants’ desire to influence political outcomes in their home country. However, the finding that remittance flows are positively associated with competitive elections is consistent with an alternative hypothesis that remittances increase in response to migrants’ desire to cushion their families from the potential turmoil that may be associated with competitive elections in many developing countries.66 If this alternative hypothesis is correct, then remittance flows increase in election years, not in response to migrants’ political participation, but rather as an insurance policy to offset the greater uncertainty that a competitive election may generate. One result presented above that cuts against this alternative hypothesis is that election-year remittances are positively correlated with economic growth (H6). If increased election-year remittances are sent home to cushion migrants’ families from electorally-generated turmoil then one would expect such remittances to be either unrelated to or negatively correlated with economic growth.

More generally, if the alternative hypothesis is correct, election-year remittances should increase when elections constitute a greater threat to the safety and well-being of migrants’ families. To test this hypothesis, two country-specific characteristics that may affect the extent to which electoral turmoil poses a threat to migrants’ families’ safety and well-being are considered in Models 8 and 9 in Table 3. First, electoral turmoil, and its concomitant effect on migrants’ families, may be greater during periods of intrastate conflict, and thus the need for migrants to use remittances to protect their families would be greater in these cases. To test this argument, in Model 8 Competitive Elections is interacted with Intrastate Conflict, which is coded 1 in a year in which there are at least twenty-five battle-related deaths in
a conflict between the government and at least one domestic opposition group, and 0 otherwise.\textsuperscript{67} If the alternative hypothesis is correct, then the interaction between Competitive Elections and Intrastate Conflict should be positive and significant, while Competitive Elections should not be significantly different from zero. This is not the case. Competitive elections in the absence of intrastate conflict remain positively and significantly associated with remittance flows, while elections that occur during periods of intrastate conflict have no significant relationship with remittances.\textsuperscript{68} Based on these results, far from increasing remittances during politically turbulent times, there is no evidence of electorally-motivated elections when the home country is involved in a civil conflict.

Second, electoral turmoil may be more costly to migrants in countries with higher human rights abuses. To test this argument, Competitive Elections is interacted with David Cingranelli and David Richard’s Physical Integrity Rights, which is a nine-point index that scores countries based on the incidence of politically-motivated disappearances, extrajudicial killings, political imprisonment, and torture. The index ranges from 0, where human rights abuses are widespread, to 8, where there is widespread support for human rights.\textsuperscript{69} If the alternative hypothesis is correct, then the increase in election-year remittances should be negatively correlated with Physical Integrity Rights—migrants should be more likely to increase election-year remittance flows as human rights abuses in their home country increase. This argument does not receive support based on the results reported in Model 9 and presented graphically in Figure 4. As can be seen in Figure 4, election-year remittances are positive and significant when countries score a five or above on Physical Integrity Rights (which represents forty-nine percent of the observations in the sample).
Taken together, the results presented in Models 8 and 9 do not provide support for the alternative hypothesis that remittances increase in response to migrants’ desire to cushion their families from the deleterious effects of electoral turmoil. The absence of evidence of election-year increases in remittances when human rights are poorly respected or during intrastate conflict does, however, raise the concern that, regardless of the structural preconditions for competitive elections, electoral competition may be severely limited when human rights are not respected or when armed conflict exists, and thus the competitive election measure used may include non-competitive elections, as well.

Politically Motivated Remittances and the 2000 and 2006 Mexican Presidential Elections

The previous section presented cross-national evidence in support of the argument that politically-motivated remittances increase prior to competitive elections. One concern that arises from the cross-national analysis is how to identify electoral competitiveness. The identification strategy adopted in the previous section was to identify elections that werestructurally uncompetitive—elections in which the opposition was unable to compete—and to exclude these elections from the category of competitive elections. However, within the set of elections that meet the minimal structural requirement that opposition parties be allowed to compete, there may still remain elections that are perceived by migrants to be uncompetitive. Such elections should be less likely to elicit a politically-motivated increase in remittances.

Single country analyses allow for a much more nuanced analysis of electoral competitiveness, and in this section I provide an analysis of the 2000 and 2006 Mexican presidential elections to assess the impact of variation in \textit{a priori} perceptions of electoral competitiveness on pre-electoral remittance flows.\textsuperscript{70} This analysis provides further support for
the argument that remittances increase prior to elections that are perceived to be competitive, but also serves as a cautionary note about the fit between quantitative measures of electoral competitiveness and actors’ perceptions of competitiveness.

Based on the cross-national analysis, both the 2000 and the 2006 Mexican presidential elections appear to be equally good candidates for generating politically-motivated remittances. In both elections, opposition candidates were free to run, but incumbents were not. Neither election coincided with a large natural disaster, and economic growth, at six percent in 2000 and five percent in 2006, was strong prior to both elections. While Mexico is a comparatively well-off developing country (an average GDP per capita of $5,500 for the 1990-2005 period), remittances play a large role in the Mexican economy and there is strong evidence that many migrants maintain their interest in politics back home.

However, evidence of politically-motivated remittances varies greatly between these two elections. Although there is strong evidence of an increase in remittances prior to the 2006 election, there is no evidence of an increase in remittances before the 2000 election. These results may reflect differences in the perceived levels of competitiveness of the two elections. While the 2006 election was viewed as ‘up for grabs’, the 2000 election was almost universally perceived (incorrectly, as was revealed on election day) as an uncompetitive election that the incumbent party would win.

Mexico’s 2000 presidential election is widely heralded as the defining moment in Mexico’s democratic transition. After decades of ‘halting and uncertain’ political opening that had eroded but not seriously challenged Mexico’s ruling party’s (Partido Revolucionario Institucional (PRI)) political control, the 2000 election was the first time in over seventy years that a non-PRI candidate, Vicente Fox, representing Mexico’s center-right party (Partido Acción
Nacional (PAN)), won the presidential election. Beyond representing an unprecedented democratic alternation of power, Fox’s victory was a surprise to almost all observers. As David Shirk notes, “the 2000 presidential campaign was the most heavily and professionally polled election in Mexican history, but most analysts consistently failed to predict Fox’s victory over [PRI candidate Francisco] Labastida.”

The expectation that the PRI would win the 2000 presidential election was widespread and seemingly well-founded. First, although successive PRI-run governments had adopted a series of electoral reforms since 1977, culminating in the 1996 electoral reform that legally guaranteed free and fair elections overseen by an independent federal election agency, it was uncertain that these reforms would effectively constrain extra-legal activity on the part of the governing party. Summing up the uncertainty many actors felt about the potential democratic quality of the 2000 presidential election, Chappell Lawson notes that “the importance of the presidential race also meant that the PRI was likely to pull out all the stops in an effort to retain power. A number of state-level PRI organizations had engaged in fraud, coercion, vote buying, and similar tactics in the past, as well as legitimate forms of electoral mobilization; there was no reason to suspect that the PRI’s traditional machinery would suddenly collapse when crucial federal elections were at stake.” Although the PRI had increasingly conceded opposition gubernatorial victories, would they concede the presidency? For many Mexicans the answer to this question was no. In response to a February 2000 survey conducted by the Mexico 2000 Panel Study, when asked whether they thought Mexico was a democracy, only forty percent of the 2,400 respondents said ‘yes’.

Second, a PRI victory appeared relatively secure even in the absence of electoral manipulation. The national economic context favored the PRI. The economy was growing at six
percent, inflation was low, the exchange rate was stable, and current PRI president Ernesto Zedillo had an almost sixty percent approval rating in the run-up to the election. Based both on survey data prior to the 2000 election, and on election outcomes since the 1996 electoral reforms, the PRI was expected to garner at least forty percent of the vote. With the opposition split between the center-right PAN and the leftist Partido de la Revolución Democrática (PRD), and with both parties expected to earn at least fifteen percent of the vote, a PRI plurality seemed assured. With only a plurality of the vote, the PRI might have been vulnerable to the formation of an opposition coalition, as had been demonstrated in the 1999 gubernatorial election held in the state of Nayarit. However, reflecting both personal and ideological obstacles, the PRD and the PAN were unable to form a coalition for the 2000 election. Thus, for most observers, the 2000 election result was not considered uncertain. As a result, it would not appear to provide migrants an opportunity to affect politics back home. A Labastida victory and the PRI’s continued political dominance of the executive branch was the expected outcome for most political observers and Mexican citizens.

While the 2000 election was not expected to be competitive, the 2006 presidential election was, and delivered on its expectations. In a fiercely contested election, PAN presidential candidate Felipe Calderón garnered almost thirty-six percent of the vote and won the election with a 0.6 percentage point margin of victory over PRD candidate Andrés Manuel López Obrador. Trailing his two opponents by over thirteen percentage points, PRI presidential candidate Roberto Madrazo received twenty-two percent of the vote. Unlike the 2000 election, which saw two opposition parties (the PAN and the PRD) running against the dominant PRI ruling party in an uncertain democratic environment, the 2006 election pitted the center-right
Calderón, against the leftist López Obrador in an election that focused more on economic performance and candidate competence than on democratic consolidation.\textsuperscript{83}

High volatility in Mexicans’ vote indications increased uncertainty in the election’s outcome. Almost half of all Mexican voters remained undecided in the run-up to the election.\textsuperscript{84} Candidates campaigned throughout the first half of 2006 to attract these independent voters to their camps, and the fluidity in these voters’ assessments of the presidential candidates made the 2006 presidential campaign a ‘rollercoaster ride’.\textsuperscript{85}

The strong perception of competitiveness that existed prior to the 2006 presidential election suggests that migrants may have had a better opportunity to affect politics back home in 2006 than in 2000. The 2006 election also had particular salience for Mexican migrants living in the United States as it was the first election in which migrants could vote by absentee ballot.\textsuperscript{86} As a result, although both the 2000 and 2006 elections look like equally strong candidates for a pre-electoral increase in remittance flows based on the quantitative results presented in the previous section, a closer analysis of the differing perceptions of competitiveness for these two elections suggests that pre-electoral remittances should be higher in 2006 than in 2000.

I assess this argument through a time-series analysis of quarterly remittance flows to Mexico from the first quarter of 1996 through the first quarter of 2009. The estimation technique employed is linear regression with robust standard errors. The dependent variable is Remittances, quarterly remittance inflows to Mexico.\textsuperscript{87} Remittance flows to Mexico have increased over the last two decades, raising concerns about temporal dependence. Temporal dependence is accounted for in two ways. First, a one year lag of the dependent variable, which limits the analysis to short run changes in remittance flows, is included.\textsuperscript{88} Second, year control variables are included in the analysis (but are not reported in Table 4).\textsuperscript{89} Remittance flows are also highly
seasonal, with fewer remittances sent home in the first quarter. *Quarter 2, Quarter 3,* and *Quarter 4* are included to control for seasonality in remittance flows.\textsuperscript{90} Finally, *Mexican GDP Growth* and *U.S. GDP Growth* are included to control for economic conditions in Mexico and the United States, respectively.\textsuperscript{91}

[Table 4 about here]

The baseline model is reported in Model 1, Table 4. As expected, remittance flows the previous year is a strong indicator of remittances in the current year. Turning to the results for *Quarter 2, Quarter 3,* and *Quarter 4,* fewer remittances are sent home in the first quarter; however, there is no significant difference between remittance flows during the rest of the year. Finally, remittances are positively and significantly associated with economic growth in the United States and negatively but insignificantly associated with economic growth in Mexico.

To assess whether migrants increased their remittance flows in the year leading up to the July 2, 2000 and the July 2, 2006 presidential elections, Model 2 includes variables to capture the four quarters prior to the 2000 and 2006 elections.\textsuperscript{92} These results provide no evidence of an increase in remittances prior to the 2000 presidential election. Quite to the contrary, remittances in the quarter directly preceding the election were significantly lower than otherwise expected from the model, all else remaining equal. Taking these four quarters together, remittance flows to Mexico from July 1999 until July 2000 do not appear to reflect the electoral calendar—these four pre-electoral quarter variables are jointly statistically insignificant.

The picture is quite different for the 2006 election. All else held constant, remittance flows were significantly higher in the three quarters preceding the 2006 election. Moreover, the increase in remittances from July 2005 until July 2006 is both statistically significantly different from zero, which captures the null hypothesis that the 2006 election had no effect on remittance
flows, and from the results for the 2000 pre-electoral period, which captures the hypothesis that the 2006 election had a larger effect on remittance flows than did the 2000 election.

Although Model 2 provides no evidence of a significant increase in remittances prior to the 2000 election, it does suggest that migrants remitted significantly more in the run-up to the 2006 election. The presence of a pre-electoral increase in remittances in 2006 corresponds with the \textit{a priori} perception that the 2006 election would be highly contested. In contrast, the absence of a pre-electoral increase in remittances in 2000 corresponds with the widely-held belief that the outcome to the 2000 election was a foregone conclusion. Taken together, these results suggest that Mexican migrants are more likely to increase their remittances prior to elections that are perceived to be competitive.

The results from this analysis are consistent with the broader cross-national results, and as a single-country analysis, provide a more nuanced assessment of the effect of electoral competitiveness. Moreover, by utilizing quarterly data, this analysis can explicitly identify increases in remittances in the pre-electoral period, rather than relying on annual data and the concomitant assumption that an increase in remittances in an election year corresponds to an increase prior to the election.\textsuperscript{93}

Conclusion

For many developing countries, remittances have become a vital support for the economy and a source of economic security for remittance recipients. The importance of these remittances has led governments to hail migrants as ‘modern day heroes’ (Philippines), ‘heroes of the economy’ (Mexico), and ‘foreign exchange reserves heroes’ (Indonesia). As this paper documents, remittances also reflect migrants’ home country’s electoral calendars and political
context. Migrants send more money home in election years, an effect that is larger the more competitive the election, the poorer the home country, and the fewer the competing demands for remittances.

This globalization of domestic electoral politics has not been universally viewed as a positive trend, and has resulted in some attempts to limit migrants’ influence. Most prominent among these attempts is the 2005 decision by Mexico’s Federal Election Institute to prohibit candidates from campaigning abroad or accepting political contributions from non-residents.\textsuperscript{94} This prohibition appears to have been less than successful as campaign trips have now ostensibly become ‘get out the vote’ trips, and migrants make campaign contributions indirectly by remitting money to residents who then in turn redirect the funds to political elites.\textsuperscript{95}

As the economic importance of remittances increases, it appears unlikely that efforts to reduce the political importance of migrants will succeed. Therefore, while increasing remittances may represent a valuable development strategy, calls for remittances as development financing will be coupled with greater demands for migrants’ political inclusion. How to incorporate expatriates into the political landscape represents a new political challenge for developing countries.
Bibliography


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<td>-0.24**</td>
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<td>-0.25**</td>
<td>-0.21**</td>
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<tr>
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<td>-0.04**</td>
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<td>Natural Disasters per capita</td>
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<td>0.27*</td>
<td>0.26^</td>
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<tr>
<td>Migrant Stock GDP per capita</td>
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<td>(0.31)</td>
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<td>R2</td>
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<td>0.93</td>
<td>0.93</td>
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^p<0.1, *p<0.05, **p<0.01. Standard Errors in parentheses.
Table 4 Remittances and the 2000 and 2006 Mexican Presidential Elections

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<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
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<tr>
<td>1 Quarter prior to 2000 Election</td>
<td>-3.56*</td>
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<td>2 Quarters prior to 2000 Election</td>
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<td>3 Quarters prior to 2000 Election</td>
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<tr>
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<td>(1.09)</td>
<td></td>
</tr>
<tr>
<td>4 Quarters prior to 2000 Election</td>
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<tr>
<td>1 Quarter prior to 2006 Election</td>
<td>3.82*</td>
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<tr>
<td></td>
<td>(1.81)</td>
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<tr>
<td>2 Quarters prior to 2006 Election</td>
<td>4.63^</td>
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<tr>
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<tr>
<td>3 Quarters prior to 2006 Election</td>
<td>3.63**</td>
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<tr>
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<td>4 Quarters prior to 2006 Election</td>
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<tr>
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<td>Remittances, lagged</td>
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<td>0.74**</td>
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<tr>
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<td>(0.15)</td>
<td>(0.17)</td>
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<td>U.S. GDP Growth</td>
<td>0.73^</td>
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<td>(0.44)</td>
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<tr>
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<td>(0.19)</td>
<td>(0.20)</td>
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<tr>
<td>Quarter 2</td>
<td>2.83**</td>
<td>2.81*</td>
</tr>
<tr>
<td></td>
<td>(0.97)</td>
<td>(1.13)</td>
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<td>Quarter 3</td>
<td>2.54**</td>
<td>2.57*</td>
</tr>
<tr>
<td></td>
<td>(0.88)</td>
<td>(1.00)</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>1.85*</td>
<td>1.66^</td>
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<tr>
<td></td>
<td>(0.77)</td>
<td>(0.88)</td>
</tr>
<tr>
<td>Constant</td>
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<td>(2.17)</td>
<td>(2.84)</td>
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<td>R2</td>
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<tr>
<td>Observations</td>
<td>49</td>
<td>49</td>
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</table>

Joint Probability Test that the four quarters prior to each election are not 0:
- 2000 Election: 0.24
- 2006 Election: 0.00

^p<0.1, *p<0.05, **p<0.01. Standard Errors in parentheses.
Figure 1
Marginal Effect of an Election as GDP per capita Varies

Change in Remittances as a % of GDP

GDP per capita

Predicted Value
- - - 90% Confidence Intervals
Figure 2
Marginal Effect of an Election as Natural Disasters per capita varies
Figure 3
Marginal Effect of an Election as GDP Growth varies

Change in Remittances as a % of GDP

Predicted Value
90% Confidence Intervals

GDP Growth
Figure 4
Marginal Effect of an Election as Physical Integrity Rights Vary
1 World Bank 2006.


3 Leblang 2009.


5 Rapoport Docquier 2006: 1138.


11 Østergaard-Nielsen 2003c notes that “in the 1999 Israeli election, both President Netanyahu and Ehud Barak organized cheap flights from at least eight major US and Canadian cities. Similarly, the Turkish Welfare Party…has been rumoured to fly in voters for the 1995 election in Turkey.” Zimbabwean parties campaigned in South Africa in 2008 to convince voters to return home to vote (*Africa News*, March 11, 2008. Zimbabwe; Go Home and Vote, NGOs Urge Expats.).

12 Guarnizo, Portes and Haller 2003: 1229.


14 Portes, Escobar and Radford 2007: 244.


16 Itzigsohn, Cabral, and Vázquez 1999, Graham 1997.
A key assumption underlying the preceding hypotheses is that migrants have the financial wherewithal to remit beyond the economic needs of their families. Particularly when examining remittance flows to poorer countries, as is the case in Hypothesis 4, this assumption may not be accurate. If migrants from poorer countries are unable to remit more than is necessary for their
families’ welfare, then they will not have the financial resources available to invest in politics, and Hypothesis 4 will not hold. This is an empirical question.

33 Yang 2007.

34 Ratha 2003.

35 Rapoport and Docquier 2005.

36 This sample reflects the availability of economic data from World Bank 2007 and electoral data from Hyde and Marinov (2010). The 1990 start date reflects the large increase in remittances since 1990, as well as data limitations due to the inclusion of Migrant Stock per capita and Migrant Stock GDP Growth. As a robustness check, the analyses were re-run on a 1980-2005 sample excluding Migrant Stock per capita and Migrant Stock GDP Growth, with almost identical results. All robustness tests are included in the Online Appendix submitted with this manuscript.


38 Drazen 2001.


40 Jensen 2003.

41 World Bank 2007. Using Remittances as a % of GDP, ln as an alternative specification for the dependent variable yields almost identical results.

42 World Bank 2006.

43 Freund and Spatafora 2008.

44 Niimi and Ozden 2006 and Freund and Spatafora 2008.

45 Rapoport and Docquier 2006.

The key shortcoming to this measure is that while it captures the number of disasters hitting a country annually, it does not differentiate between disasters of different magnitudes. Thus a tsunami counts for as much as a lesser storm. In some cases, the EM-DAT dataset also provides information on the numbers of individuals affected by a disaster and the financial cost of a disaster, but these data are available for only a small number of disasters and are not systematic across cases.

While the Parsons, et al 2007 data are only for 2000, the weights derived from these data are applied for the entire 1990-2005 period. As a robustness check, each of the models reported in these analyses was run excluding these two variables. Their exclusion does not affect the results.

These data are available for five year intervals from the WDI data series *International migration stock, total*. I transform these data through a linear imputation for use annually.

Alternative specifications for *Migrant Stock GDP per capita* and *Migrant Stock GDP Growth* use GDP per capita and GDP Growth respectively for the top migrant receiving country rather than for all migrant receiving countries. When these measures are used instead, the results are almost identical.
The sample of countries is determined by countries’ inclusion in Hyde and Marinov (2010). These countries are defined as developing countries that hold elections but that are not already considered to be consolidated democracies.

Hyde and Marinov 2010. Elections that are uncompetitive are coded as zero—they are not dropped from the analysis.

It is important to note that the effect captured by Hypothesis 2 and tested in Model 3 refers to electoral competition specifically, rather than quality of democracy more generally. Two concerns arise from this focus on elections rather than democracy. The first is that the results reported in Model 3 may be driven by the inclusion of elections held in non-democratic countries. To examine this, I re-ran Model 3, excluding all observations in which the country received a POLITY score below zero on a -10 to 10 scale. Support for Hypothesis 2 remains statistically significant, suggesting that these results are not an artefact of non-democratic elections. The second concern is that the results in Model 3 capture a democracy effect rather than an election-specific effect. If this is true, then politically-motivated remittances should be greater the more democratic an election is. To test this, I re-ran Model 3 including a country’s POLITY score and an interaction between Competitive Elections and POLITY. If politically-motivated remittances are more likely for more democratic countries, then the interaction should be positive. In fact, the relationship between democracy and politically-motivated remittances appears to be negative, although highly insignificant.

On average, Tunisia receives 4.1% percent of GDP in remittances annually, and its GDP in 2005 was $28.7bn. This was above the 2005 sample median of $15.8bn and below the 2005 sample mean of $102bn.
This should be true whether migrants are providing political support for the incumbents, the opposition or both. If the election is not competitive, the political leverage of migrants’ money should be no greater in election years than in non-election years.

These data come from Hyde and Marinov 2010: “Did the incumbent run?”, and if no: “Was there a chosen successor?”.

For ease of interpretation, the x-axis in Figure 1 is labeled with GDP per capita rather than GDP per capita, ln.

This hypothesis is an extension of the argument that remittances act as an insurance policy for migrants’ family back home (Rapoport and Docquier 2006).

Intrastate conflict data are from the UCDP/PRIO Armed Conflict Dataset (Gleditsch et al 2002). Intrastate conflicts are identified as internal conflicts between the government of a state and one or more internal opposition group, regardless of intervention from other states (types 3 or 4 conflict).

Elections during periods of intrastate conflict are relatively common occurrences in this sample. Of the 383 elections included in Model 8, 72 occurred in a year in which there was intrastate conflict.

Elected officials in Mexico are constitutionally banned from running for reelection.
Mexico is the third-largest remittance recipient in the world and remittances are the country’s second largest source of foreign capital (World Bank 2006). Measured in terms of GDP, Mexico’s remittance receipts closely approximate the median in the sample analyzed in the previous section. During 1990-2005, Mexico’s median remittances as a percent of GDP was 1.4%, while the full sample average was 1.6%. Moreover, a 2004/5 survey of almost 5,000 Mexican migrants residing in the United States found that 78% of respondents send money home to Mexico (Suro 2005).

Unlike previous electoral reforms that had increased the legislative representation of opposition parties but safeguarded PRI control, the 1996 reforms ‘provided an unprecedented leveling of the playing field’ (Brinegar, Morgenstern, and Nielson 2006: 77). However, as Lawson (2004: 6) notes, “as of May 2000, not a single violation of electoral law from the 2000 campaign had been successfully prosecuted, nor had a single case of vote buying from any election in any part of the country been won.”

The first opposition gubernatorial victory occurred in 1989. By the 2000 federal election, opposition parties held one-third of state governorships, as well as the mayoralty of Mexico City.

Respondents were asked ‘Today, do you think Mexico is a democracy or is not a democracy?’ (¿Usted considera que hoy en día México es una democracia o no es una democracia?). 40% of respondents said yes, 47% of respondents said no, and 12% did not know. Participants in the Mexico 2000 Panel Study included Miguel Basañez, Roderic Camp, Wayne Cornelius, Jorge
Domínguez, Federico Estévez, Joseph Klesner, Chappell Lawson (Principal Investigator), Beatriz Magaloni, James McCann, Alejandro Moreno, Pablo Parás, and Alejandro Poiré.


80 Lawson 2004.

81 Quite to the contrary, throughout the campaign, Cuauhtémoc Cardenas, the PRD presidential candidate, seemed to work harder to prevent a PAN victory than a PRI victory (Shirk 2005).

82 Lawson 2009.

83 Moreno 2009.

84 Greene 2009.


86 Mexican migrant groups had lobbied for years for greater political inclusion, and in particular for the right to vote in home elections (Smith 2008). A 2004/5 survey of Mexican migrants found that eighty-seven percent of the nearly 5,000 respondents expressed interest in voting in the 2006 presidential election, if they were allowed (Suro and Escobar 2006). That said, voter turnout amongst migrants was extremely low in 2006, estimated at 0.46 percent of the voting age population living in the U.S. (McCann, Cornelius, and Leal 2009). This may have reflected the stringent eligibility requirements and obstacles migrants’ faced in obtaining an absentee ballot. Regardless of turnout, more than half of the migrants interviewed in the 2006 Mexican Expatriate Survey identified a clear vote preference in the presidential race, and indicated that they were paying at least a little attention to the presidential campaign (McCann, Cornelius, and Leal 2009).

87 Data are in one hundred million 2005 real U.S. dollars. Data available online in nominal U.S. dollars from Banco de Mexico 2010. U.S. dollar deflator constructed from real and nominal
quarterly GDP data from the U.S. Bureau of Economic Analysis. The analyses are re-run with Remittances as a % of GDP as an alternative dependent variable. The results are comparable and are included in the Online Appendix.

88 Four quarter lags of the dependent variable are included as an alternative specification and reported in the Online Appendix. The results are almost identical.

89 An alternative specification with Time, Time Squared, and Time Cubed, following Carter and Signorino’s 2010 recommendation for modelling temporal dependence is included in the Online Appendix and yields almost identical results.

90 Quarter 1 is the excluded base category.

91 Mexican GDP Growth data are from Banco de Mexico 2010. U.S. GDP Growth data are from the U.S. Bureau of Economic Analysis 2010.

92 Because both elections occurred on July 2, the reporting period for quarterly economic data (January-March, April-June, July-September, and October-December) very closely approximates the election date.

93 Mexican remittance flow data is also available disaggregated by state. Analysis of the state-level remittance data is consistent with the aggregate national findings found here, and also allows consideration of whether sub-national elections influence remittance flows. Preliminary analyses suggest that when the state political environment is more competitive, state-level remittance flows in Mexico do increase significantly in the lead up to gubernatorial elections as well, but the effect of the presidential election on remittance flows is robust to controlling for these factors (author cite removed).

94 Reforma, September 22, 2005, Nacional.

95 Reforma, May 24, 2006, Nacional.