St Comp Int Dev (2014) 49:44–66
DOI 10.1007/s12116-014-9148-0

Migrants' Remittances and Home Country Elections: Cross-National and Subnational Evidence

Benjamin Nyblade · Angela O'Mahony

Published online: 6 March 2014

Abstract Elections in developing countries have increasingly become international events. Previous scholarship identifies many examples in which migrants from developing countries have played a role in financing elections in their home countries and provides cross-national evidence that migrants increase remittances in election years. However, previous cross-national analyses have been limited by their reliance on annual national-level data. This article provides statistical analyses of quarterly subnational data of remittance inflows to Mexican states and new monthly national-level data on remittance inflows for nine countries. These analyses demonstrate that political remittance cycles appear in the quarter prior to an election, can exist both for national and subnational elections, and are influenced by both economic conditions in migrants' host countries and political conditions in their home countries.

Keywords Remittances · Elections · Migration

Introduction

With more than 200 million people living outside their country of origin, migrants and migrant groups have become powerful political actors, both in their host and home countries (Østergaard-Nielsen 2003). Migration may have both direct and indirect effects on politics: migrants may not only involve themselves directly in politics, but the mere prospect of migration, as well as the absence or return of certain migrants can have major political repercussions (Kapur 2010). However, systematically examining migrants' political involvement in their home country has proven quite difficult, as the

Electronic supplementary material The online version of this article (doi:10.1007/s12116-014-9148-0) contains supplementary material, which is available to authorized users.

B. Nyblade (✉)
University of British Columbia, Vancouver, BC, Canada
e-mail: bnyblade@mail.ubc.ca

A. O'Mahony
RAND Corporation, Santa Monica, CA, USA
e-mail: Angela_O'Mahony@rand.org

mechanisms through which migrant political involvement occurs are often undocumented and unregulated.

While much of migrants' political involvement remains difficult to systematically assess, increased efforts by international organizations and home countries to engage migrants as potential partners in the economic development of their home countries has resulted in greater efforts to systematically track and analyze migrants' financial remittances (World Bank 2011). This has allowed scholars to study migrants' political remittances not simply through surveys and case studies, but to systematically identify the existence of "political remittance cycles," in which migrants' overall remittances increase in election years in developing countries (O'Mahony 2013).

This article advances this line of research by examining key economic and political factors that influence political remittance cycles. Whereas our previous work focused primarily on identifying the existence of political remittance cycles, the focus here is on leveraging more nuanced remittance data to provide a richer understanding of the political and economic conditions that influence migrants' financial involvement in home country politics. In particular, we suggest that both migrant host country economic conditions and migrant home country political conditions significantly influence migrants' decision to engage in political remittances. Weak economic conditions in migrants' host countries should lower the discretionary income of migrants, making political remittances less likely and thus dampening any political remittance cycle. However, elections in the home country that are expected to be more competitive should increase the magnitude of any political remittance cycles as migrants are more likely to be excited by and interested in close elections and, for those hoping to affect the election outcome, more likely to believe that their political remittances will matter for the election outcome. Furthermore, as local ties are more important for many immigrants than their national ties (Lyons and Mandaville 2010), we argue that political remittance cycles should exist for important subnational elections, just as they do for national elections.

We find support for these arguments using recent remittance data that is more nuanced than the annual data that has generally been used in statistical analyses of remittances. We analyze monthly remittance data from 2003 to 2011 for nine primarily Latin American countries and quarterly subnational remittance data to Mexican states over the same period. Our analyses show that political remittance cycles exist primarily in the 3 months prior (or quarter previous) to an election and are much more pronounced when economic conditions are good in migrants' host country and when elections are more competitive in their home country or state.

Migrants and Political Remittance Cycles

As Kapur (2010. pp. 29–30) notes, although migrants' financial remittances are one of the key resources of diasporas, and central to the "diaspora" channel by which migration can influence home country politics, the political economy of remittances has been under-studied. While scholars have recognized that remittances may reflect multifaceted economic and social goals, cross-national quantitative analyses of remittances have largely ignored the potential political motivations of remitters. The absence of consideration of political motives in cross-national quantitative research stands in marked contrast to sociological and ethnographic studies that have highlighted migrants' enduring political ties to their home countries.

Why do migrants care about politics in their home countries? For contemporary scholars of migration, this question may seem obvious—many migrants maintain strong ties to their home country for a wide range of personal, economic, and political reasons. In this age of globalization, lower transportation and communication costs have made it possible for most migrants to maintain active ties to their home country (Vertovec 2004). These ties may serve both instrumental and noninstrumental goals (Lucas and Stark 1985). For example, many migrants may maintain ties to facilitate returning to their home country in the future. However, many migrants also have strong affective ties to their homeland and feel a greater sense of belonging to their home country than their host country, even after many years living away.

As Levitt and Jaworsky (2007) note, migrants' ties to home countries may strengthen around elections. Elections serve as a focal point for political action. Campaigns and elections are often the time period in which migrants, through the use of their financial resources and/or their voting power, can have the greatest influence on elected officials. Elections also bring out noninstrumentally motivated political contributions—elections excite people, motivate people to connect with each other, and promote greater political learning and engagement.

O'Mahony (2013) took the first step in identifying the presence of systematic political remittance cycles, analyzing annual remittance flow data and showing that on average migrants send more money home in years in which national elections occur. However, the article leaves many questions unanswered about the underlying mechanisms driving political remittance cycles and the range of factors that might influence migrants' financial involvement in home country elections.

In this article, we identify conditions that influence political remittance cycles in a more nuanced fashion. By using new monthly and quarterly data, we pin down the timing of political remittance cycles in more detail. By analyzing both subnational and cross-national remittance data, we show migrants' systematic engagement in multiple levels of politics. Through consideration of the economic situation in migrants' host countries, we demonstrate that political remittance cycles are conditional on migrants having sufficient discretionary income. And by demonstrating that political remittance cycles are greater when elections are expected to be more competitive, we show how migrants' level of political engagement can be strongly influenced by home country politics.

The timing of political remittance cycles is a crucial issue when scholars are attempting to tease out political remittance cycles from aggregate remittance data. The use of annual data forces scholars to consider either remittance flows in the calendar year prior to or the year of an election. This means that the use of annual remittance flow data either includes remittances across times that might be quite distant from the election, or when using election year data, it includes remittances that occur after an election, making it impossible to identify whether any increase in remittance flows occurs before or after an election. While the hope in analyzing such annual data is that the coarseness of the data merely contributes random noise and does not bias the results, turning to monthly and quarterly data, as we do in this article, allows us to pin down the timing of political remittance cycles at a much finer level and thus have greater confidence that political remittance cycles are found in the immediate lead-up to elections.

Similarly, the previous exclusive reliance on national-level remittance data raises crucial questions as well. To the extent that migrants remain tied to their home countries, many of these ties are local. Politics at the home town or state level may be even more relevant to many migrants than home country politics. The importance of local and subnational concerns for many migrants can readily be seen in the prevalence and importance of home town, regional, and state migrant associations (Burgess and Tinajero 2009; Goldring 2004) and in the communication and travel patterns of migrants (Perkins and Neumeyer 2013; Waldinger 2008). For many migrants, local and state elections are their central political concern, and the assumption that subnational elections are inevitably "second order" is one that even scholars of developed countries are coming to question (Cutler 2008). This suggests that in many cases it may be as, or more, important to examine political remittance cycles at the subnational level.

Finally, this article focuses on more carefully assessing economic and political factors that condition political remittance cycles. In showing evidence in support of political remittance cycles, our previous work found that political remittance cycles are larger for poorer countries and when the incumbent leader or her chosen successor does not run in home country elections. However, it did not consider how the economic situation of migrants or how home country political factors (beyond incumbency) matter. This article focuses on using more nuanced data to demonstrate the existence of political remittance cycles and show how they are influenced by economic conditions in migrants' host country and political conditions in their home country.

Hypotheses

Fundamentally, this article argues that migrants are important transnational political actors and that their financial remittances in part reflect their political interests. While migrants' remittances are driven by a wide range of economic and social concerns as well, if in part they reflect migrants' political interests, they should be sensitive to the electoral calendar (O'Mahony 2013). This logic suggests Hypothesis 1:

H_1: Migrants' remittance increase in prior to home country elections.

However, even though migrants' political interests may influence their remitting behavior, it is clear that most remittances provide for consumption by migrants' family and friends back home. This results in remittance flows being pro-cyclical with respect to migrants' host country economic performance (Frankel 2011).[1] That is to say, migrants send more money home when they have the wherewithal to do so. Migrants may be particularly susceptible to economic fluctuations in their host country, as many of them are employed in sectors such as construction and agriculture that are particularly sensitive to economic conditions. Although remittance flows proved to be surprisingly resilient in the global economic downturn that began in 2008 (Sirkeci, Cohen

[1] Remittance flows are also countercyclical to home country economic performance and increase when natural disasters or other crises strike a home country (Yang 2008), an effect particularly strong for flows to very poor countries. Given our time period and sample of countries we do not highlight this economic conditioning factor further, although it may be important to consider in broader cross-national analyses.

and Ratha 2012), there is no question that migrants are among the first to feel the pinch when their host countries' economies weaken.

While political remittances may help maintain an important transnational tie, for the bulk of migrants, politics take a back seat to providing for their family's economic well-being. Thus, when times are tough economically in migrants' host countries, migrants are less likely to have the surplus income that can be used for political purposes. Conversely, when migrants are doing well they may have extra money that can be sent as political remittances. This leads to Hypothesis 2.

> H_2: Political remittance cycles are stronger when economic conditions in migrants' host countries are stronger.

However, elections are not simply about economics; political conditions in the home country matter to migrants as well. For both instrumental and noninstrumental reasons, we expect that not all elections are equally likely to motivate migrants to be involved. Competitive elections provide a stronger motivation for political involvement,[2] as voters become more interested and excited in an outcome and come to believe that their voice may matter more for political outcomes. On the other hand, elections that are not particularly competitive do not provide either the same excitement or the same opportunities for migrant influence (and more broadly voter influence) over political outcomes. Thus, we suggest Hypothesis 3:

> H_3: Political remittance cycles are weaker when the expected competitiveness of an election is lower.

Evidence

We explore these hypotheses through two sets of analyses. The first examines monthly cross-national remittance flows to nine primarily Latina American countries. The second considers quarterly remittance flows to Mexican states. In focusing our cross-national remittances on eight Latin American countries and the Philippines from 2003 to 2012, we have the opportunity to examine monthly remittance flows to a set of countries that are major remittance recipients, primarily from the USA, over a time period in which economic conditions for migrants were both unusually good as well as quite poor. These nine countries and basic descriptive statistics about migrants and remittances for those countries can be found in Table 1.

Each of these nine countries has more than half a million of its citizens living abroad, which represents a sizable proportion of its population, ranging from 5 to 6 % for Colombia, Guatemala, and the Philippines to 21 and 37 % for El Salvador and Jamaica, respectively. All but three of the countries (Colombia, Nicaragua, and the Philippines) have two thirds or more of their migrants abroad living in the USA, and with the exception of Nicaragua, each of the countries received more than two billion US dollars

[2] In fact, the political activation effect of competitive elections on new cohorts of voters has been found to extend throughout their lifetime (e.g., Franklin 2004).

Table 1 Country sample and descriptives

	Total migrants abroad	Migrants (%)	Migrants in the USA (%)	Total Remittances	Remittances (% of GDP)
Colombia	2,123,237	5	29	4,058	1.5
Dominican Republic	1,035,963	10	76	3,369	6.3
El Salvador	1,269,190	21	88	3,449	15.7
Guatemala	871,981	6	86	4,229	10.2
Honduras	569,731	8	82	2,649	15.1
Jamaica	986,119	37	66	2,011	15.2
Mexico	11,859,236	11	98	22,048	2.1
Nicaragua	729,242	13	33	823	11.7
Philippines	4,275,612	5	40	21,423	10.7

Notes: All data is for 2010. Migrants % is the percentage of a home country's population that the migrants abroad represent. Migrants in the USA is the percentage of a country's migrants that are in the USA. Total remittances are for 2010 and are in millions of US dollars. All data is from the World Bank's World Development Indicators and the World Bank's Migration and Remittances Datasets

of migrants' remittances in 2010. Mexico and the Philippines each received more than 20 billion US dollars of remittances in 2010, making them the third and fourth largest remittance recipients that year, behind China and India. For most of these countries, remittances constitute more than 10 % of GDP.

Although these countries are not necessarily representative of the broader sample of remittance-receiving countries around the world, it is precisely because remittances are so important in these countries that we have monthly remittance data to analyze. Furthermore, compared to a global sample, there are some advantages to the greater comparability of these countries' political histories and institutions.[3] Additionally, for most of these countries, the substantial majority of their migrants abroad live in the USA, and we can have greater confidence in the reliability of our measures and the internal validity of our results.

Analyzing remittance flows to Mexican states over the same time period has a number of similar advantages. Economically, Mexico is a comparatively well-off developing country (GDP per capita was over $9,000 USD in 2010). As such, remittances do not represent as large a share of GDP as in many other developing countries. However, remittances do play a large role in the Mexican economy: 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). A survey of almost 5,000 Mexican migrants residing in the USA found that 78 % of respondents send money home to Mexico (Suro 2005)—and there is strong evidence that many migrants maintain their interest in politics back home (Adida and Girod 2010; Aparicio and Meseguer 2012; Cano and Délano 2007).

Politically, Mexico represents an ideal opportunity to examine the effects of democratization, political competition, and increasing migrant political inclusion (which

[3] The outlier institutionally is Jamaica, which is the sole country in the sample that is parliamentary, and the sole country that during this period was rated a 9 on the POLITY scale. Each of the other eight countries in our sample were rated 7 or 8 on polity and had presidential systems during this time period.

evince substantial subnational variation) on politically motivated remittances (Cleary 2007). Moreover, the heterogeneity of Mexican states provides geographic variation in political, social, and economic factors that may influence politically motivated remittances (Hiskey and Bowler 2005). For example, most gubernatorial elections are not concurrent with presidential elections, and the wide variation in political openness and electoral competitiveness at the state and local levels can be captured systematically, if never perfectly. Furthermore, and crucially for our purposes, Mexican data on remittances are unusually detailed: beginning in 2003, remittance data are available at the state level at a quarterly frequency, permitting detailed analysis at the subnational level. Overall, the Mexican case allows us to identify the existence of subnational political remittance cycles and explore the factors that condition their magnitude.

Cross-National Analyses

Previous analyses found evidence of political remittance cycles across a large global sample of countries for the period 1990–2005 (O'Mahony 2013). The analyses focused primarily on identifying the existence of robust political remittance cycles using annual data, which is a fairly coarse period to measure pre-electoral financial behavior. In this section, we report new cross-national analyses that use monthly remittance data from nine developing democracies in order to (1) confirm the existence of systematic *pre-electoral* political remittance cycles in aggregate remittance flow data when measured at a finer unit of time and (2) more carefully assess the conditional nature of these political remittance cycles, specifically with respect to economic conditions in migrants' host country. Analysis of these monthly cross-national remittance data strongly supports our argument that political remittance cycles exist cross-nationally but are conditional on political and economic factors.

Our statistical strategy is to conduct time-series cross-section analyses with panel-corrected standard errors of migrants' remittances by country, from January 2003 through February 2012 to nine countries: Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, and the Philippines. The dependent variable is country-level remittances in USD per migrant abroad.[4] Data on remittances and for migrant abroad population is taken from the World Bank's Migration and Remittances datasets.[5]

In order to properly test Hypothesis 2, it is crucial to have monthly economic data that represents the economic conditions facing migrants. Ideally, we would have a measure that directly captures migrants' economic well-being; however, this is difficult to capture in cross-national measures as migrants are situated quite differently around the world. We take advantage of the fact that the substantial majority of migrants for most of our countries are in the USA and the fact that a greater range of US economic data is made available at a monthly level than for most countries. While comparable

[4] As we expect that, all else equal, states with more migrants abroad receive more remittances than states with fewer migrants, we use a population normalized construction rather than the absolute amount of remittances. The logic underlying this variable construction is that the number of migrants abroad provides a metric for the potential supply of remittance dollars for each state, and this controls for the skewed pattern of absolute remittance flows in this data, due to the size differences in the remittance-receiving countries.

[5] World Bank migration and remittance flow data are available online at the following permanent URL: http://go.worldbank.org/092X1CHHD0 (2012).

results can be found using standard measures of GDP growth,[6] for the results presented in the paper, we take advantage of the fact that that the US Bureau of Labor Statistics provides monthly data and our analyses in Table 2 rely on the rate of employment of Latinos in the USA.[7]

Our base model is presented in Table 2. We control for both the 1-month and 12-month lag in remittances in order to account for the seasonal cyclicality of remittances, and we include year and country dummies (fixed effects) to control for time trends and country-specific base levels of remittances. There are several features worth highlighting from the base model. First, unsurprisingly, there is strong seasonality in remittances, which is reflected in the highly significant 12-month lag. Second, the global recession that began in 2008 strongly affected cross-national remittance flows starting in 2009. However, in more recent years, we see some signs of a return to previous levels. Finally, the base level of remittances per migrant abroad varies by country, with per capita remittances being noticeably higher for three countries (Guatemala, Honduras, and the Philippines) and lowest for Nicaragua.

In Table 3, we move beyond the base model and incorporate political and economic variables in our statistical models. In model 1, we include dummy variables for each of the 4 months prior to an election. Model 1 in Table 3 finds no consistent support for the existence of PRCs when we include election timing in the model. Each of the dummy variables we include is insignificant, and in fact, three of the four are in the opposite direction from what we have predicted.

Model 1's results contrast with our prior work, which finds an overall average political remittance cycle effect. This may be due to the dramatically different sample of countries, but also crucially it may be due to the time period: the 2003–2011 sample analyzed here includes a sudden and dramatic economic downturn for the latter half of the sample that should decrease migrants' abilities to send political remittances home. In fact, failing to account for how migrants' economic conditions should influence political remittance cycles drive the null results for political remittance cycles found in model 1.

In model 2, we test Hypothesis 2 by interacting each of the dummy variables for the 4 months prior to an election with the US Latino employment rate, which in our sample varies over time from a high of 65.9 % to a low of 57.5 %. The results are substantially more promising, although it is difficult to interpret the results of the interactions directly from the table reported. For example, the uninteracted base coefficients for the 4 months leading up to elections are no longer directly interpretable, as they are hypothetical values when US Latino employment rate would be 0.

Crucially for our purposes, the base effect of the US Latino Employment Rate is highly significant, suggesting it is a reasonable proxy for the economic conditions facing migrants for this sample of countries. Furthermore, the coefficients of the interactions between employment and the dummy variables for the 4 months leading up to an election are all positive. The effect is most significant for the 2 and 3 months prior to an election, and the joint effect for the 3 months leading up to an election is

[6] See Appendix. We primarily rely on employment data here primarily because measures of US GDP growth are typically quarterly or annually and, thus, not as well-suited for this monthly data.

[7] We use the actual, rather than seasonally corrected, employment-population ratio, for Hispanics and Latinos, which the BLS generates from the Current Population Survey (Series ID: LNU02300009). The data can be accessed online http://www.bls.gov/data/#employment. We use the series for Hispanics and Latinos as the numbers are likely to include a greater proportion of migrants than the other available series.

Table 2 Base model for cross-national analyses

Nine countries 2003–2011, monthly data			
Remit (L1)	0.20 (0.04)**		
Remit (L12)	0.70 (0.04)**		
Colombia	<Base>	2003	<Base>
Dominican Republic	11.16 (3.44)**	2005	4.71 (4.20)
El Salvador	11.37 (2.45)**	2006	13.48 (4.39)**
Guatemala	35.29 (5.70)**	2007	8.53 (4.48)
Honduras	34.61 (5.55)**	2008	2.93 (4.57)
Jamaica	1.34 (1.76)	2009	−23.61 (4.68)**
Mexico	1.24 (2.05)	2010	−1.71 (4.58)
Nicaragua	−5.97 (2.87)*	2011	4.85 (4.67)
Philippines	30.85 (4.14)**	2012	−0.81 (9.29)
Constant	17.98 (4.45)**		
R^2	0.97		
Observations	847		

Standard errors are in parentheses

$^{*}p<0.05$, $^{**}p<0.01$

significant at conventional levels (p=0.004). In Fig. 1, we show the results graphically for both the net effect of the 3 months prior to an election (panel a) and for the

Table 3 Remittances and elections in nine countries, 2003–2011

	Model 1	Model 2	Model 3	Model 4
Remit (L1)	0.21 (0.04)**	0.19 (0.04)**	0.19 (0.04)**	0.17 (0.03)**
Remit (L12)	0.69 (0.04)**	0.70 (0.04)**	0.69 (0.04)**	0.76 (0.03)**
Election (F1)	−3.81 (4.45)	−71.46 (110.86)	−13.61 (121.09)	−64.84 (110.86)
Election (F2)	1.17 (4.24)	−245.69 (110.20)*	−177.05 (118.55)	−223.25 (109.03)*
Election (F3)	−6.69 (4.43)	−243.13 (110.85)*	−166.02 (119.19)	−204.64 (109.31)
Election (F4)	−7.13 (4.46)	−66.90 (104.53)	40.54 (110.25)	18.67 (3.56)
Employment		4.09 (1.59)**	4.29 (1.62)**	3.59 (1.30)**
El (F1) × emp		1.08 (1.74)	0.20 (1.92)	1.03 (1.75)
El (F2) × emp		3.98 (1.77)**	2.95 (1.90)	3.69 (1.74)*
El (F3) × emp		3.83 (1.78)**	2.66 (1.91)	3.29 (1.75)
El (F4) × emp		0.99 (1.68)	−0.67 (1.77)	−0.30 (1.62)
Year, country FE	Yes	Yes	Yes	Yes
Constant	18.32 (4.48)**	−241.09 (101.18)**	−253.52 (103.08)**	−202.17 (82.28)**
R^2	0.97	0.97	0.97	0.97
Observations	821	821	821	657

Country and year controls included in all models but not reported. Standard errors are in parentheses

$^{*}p<0.05$, $^{**}p<0.01$

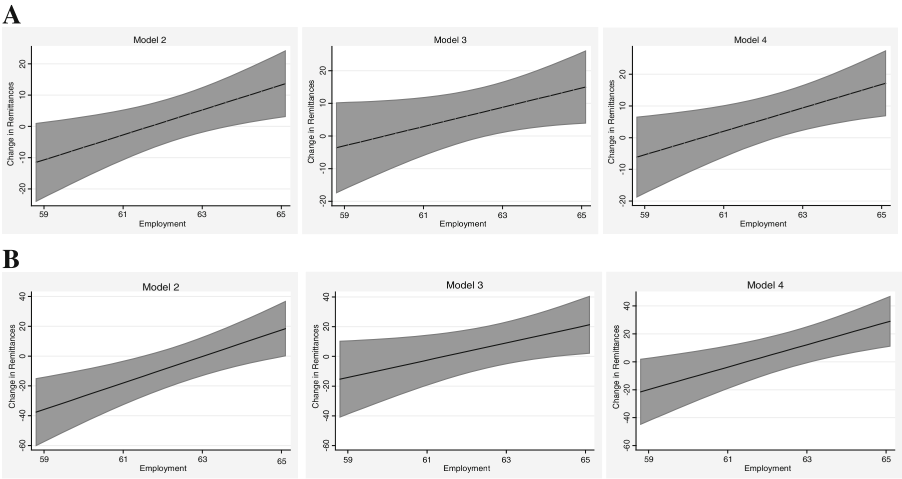

Fig. 1 **a** Predicted sum of marginal effects for the 3 months prior to an election, Table 3 models 2–4. **b** Predicted marginal effects for the second months (F2) prior to an election, Table 3 models 2–4

individual effect estimated for the second month prior to an election, the individual month which shows the strongest and most significant effect (panel b).

While the results for the interaction with US employment provide clear support for our first hypothesis, the model does not take into account domestic political considerations. Given Hypothesis 3, differences in the political circumstances for each country and surrounding the individual elections in our sample seem likely to matter. Unfortunately, it is difficult to identify a clear measure that would capture these overall political conditions. For example, the meaningfulness of the vote share difference between the top two parties (a measure we use in our Mexican state-level analyses below) is likely to be quite different in proportional representation and plurality electoral systems, which are equally represented in our sample, and contingent on the nature of the party system.

However, as there are only 18 elections in our sample, we reviewed news reports of these elections and noticed two particular facets of elections that seemed likely to matter for our analysis of political remittance cycles in these cases. The first is that three elections in our sample were actually staggered elections following each other in short order: legislative elections in Colombia in March of 2006 and March of 2010 were followed by presidential elections in May of both years. In El Salvador, legislative elections in January 2009 were followed by presidential elections in March 2009. Following the practice in O'Mahony (2013), our initial analyses treated these elections as occurring at the date of the first election, and this election indicator is what is used for both model 1 and model 2.[8] However, this practice is substantially more problematic in these statistical analyses as these analyses use monthly rather than annual data.

We considered a number of alternative specifications for handling these elections, reported in the Appendix. However, given that these particular staggered elections were readily anticipated by migrants, it is quite clear that any political remittance cycle we might find around these elections should have a fundamentally different functional form than for the other elections in our sample, and thus, including these elections in

[8] This was also our practice for two-round presidential elections.

our analyses as comparable elections could be problematic. As a basic test of whether these staggered elections are contributing more noise than information to our estimates of political remittance cycles, we group these three elections with non-elections (code them as 0 rather than 1) in model 3.

Additionally, our election measure in model 3 also excludes the 2009 Honduran election. This election followed the Honduran constitutional crisis and the ouster of President Zelaya. The ouster of President Zelaya was widely condemned internationally and by many domestic groups, and Honduras was suspended from the Organization of American States. Zelaya, while in exile, called for a boycott of the planned 2009 elections. Many countries and international organizations suggested in the lead-up to the election that they would not recognize the results. Even the timing of the election was uncertain, as some of the diplomatic proposals for resolution of the crisis included the possibility of early elections. Given the great uncertainty surrounding the election and concerns about its validity, the 2009 Honduran election stands out among those in our sample as anomalous.

Thus in model 3, we treat the 2006 and 2010 elections in Colombia and the 2009 elections in El Salvador and Honduras as not being elections for which we would expect political remittance cycles. Although it is not readily apparent from the model reported in Table 3, there is substantially greater confidence in the significant interaction between employment and the pre-election dummy variables at moderate to high levels of employment, as shown in Fig. 1.

Model 4 is identical to model 3, but with a different sample. In model 4, we drop all of our observations from Colombia and Honduras entirely, as there are no elections in either country for which we are estimating a political remittance cycle.[9] The statistical results for the remaining seven countries are the strongest of the models in Table 3, as shown in Fig. 1. We find not only significant support for the existence of political remittance cycles at high levels of employment, but the interaction itself is statistically significant as well, both for the joint effect of the 3 months prior to an election, and also for the specific increase in the second month prior to an election.

Across all of our models, when employment is high, the estimated increase in remittances in the second month prior to an election ranges from 10 to 20 US dollars per migrant abroad. The total effect for the 3 months prior to an election, when employment is high, ranges from 20 to 30 dollars per migrant. While this may not appear to be large at first blush, the political effect could be quite large, given that these countries average roughly one million migrants abroad. Even Honduras, the country in our sample with the lowest number of migrants abroad, had an estimated 570,000 migrants abroad, so one might expect in good economic times an increase of 10 to 15 million dollars in remittances leading up to an election for the smallest country in our sample. When economic times are poor, if anything, remittances are lower than expected in the months prior to an election, although the statistical significance of this decrease is not robust across model specifications.

[9] There are a variety of additional reasons one might expect that political remittance cycles might not exist, or at least be as apparent, for the Honduran and Colombian cases. However, as we do not have the means to systematically test such arguments in this data, we leave those issues aside and merely note that remittances to Honduras and Colombia do not exhibit the same pattern of pre-electoral increases shortly before elections, a pattern we see for the other seven countries in our sample.

Overall, these results suggest that the pattern of political remittance cycles found in O'Mahony (2013) can be found in cross-national analyses using data measured at finer intervals and that the increases appear to occur in the 3 months prior to an election. However, the analyses strongly suggest that political remittance cycles are conditional on economic conditions in migrants' host countries, something the earlier analysis did not consider. In the next section, we seek to identify the existence of political remittance cycles and the conditions that influence their magnitude using subnational—specifically, we demonstrate the presence of and factors conditioning the magnitude of state-level political remittance cycles in Mexico.

Remittances and Mexican Gubernatorial Elections

In this section, we assess whether migrants remit more prior to gubernatorial elections in Mexico.[10] Previous quantitative work on political remittances has focused on national elections and national-level effects, but as discussed previously, there are strong reasons to expect that migrants have interests in local and subnational politics. As such, in cases where local and provincial or state-level elections matter, we should expect significant political remittance cycles. This analysis provides evidence of precisely that dynamic, showing that Mexican gubernatorial elections are associated with a pre-electoral increase in state-level remittance flows. More than simply showing the presence of subnational political remittance cycles, we identify the important effect that political and economic factors have on political remittances, showing that the Mexican gubernatorial political remittance cycles are conditional on US economic performance and electoral competitiveness in the remittance-receiving state.

To examine the effect of gubernatorial elections on remittance flows, we use a similar statistical approach to the cross-national analyses presented in the previous section. We conduct quarterly time-series cross-section analysis with panel-corrected standard errors of migrants' remittances by state, Q1 2003–Q2 2011. The dependent variable for this analysis is remittances in thousands of real 2003 pesos per migrant living in the USA. Data on remittances are from Banco de Mexico (2012). Data on Mexican migrants living in the USA represent CONAPO's estimate for the number of migrants residing in the USA by Mexican state in 2005.[11]

To control cyclicality and trends in remittance flows, we include year fixed effects and two dependent variable lags: a one quarter lag to capture quarter-over-quarter endogeneity and a four quarter lag to capture year-over-year endogeneity and seasonal effects. To control for state heterogeneity, we include state fixed effects in our models. Our base model is presented in Table 4. Turning briefly to this model, two results are

[10] Whether migrants are more likely to follow local or national elections is not something we pursue in this paper, but theoretically should be directly related to migrants' motivations for being politically involved. For example, a migrant with a noninstrumental motivation to be a part of Mexico's democratization, spurred to participate through news coverage in the USA, might know more about and be more interested in a federal election. In contrast, a migrant wishing instrumentally to influence political outcomes based on a desire to create a more favorable business climate in their home state might be more interested in state elections.

[11] Población nacida en México residente en Estados Unidos, 2005, from CONAPO—Table 1.2 in data appendix for Migration 2005 (anexo_2005 in Papers) http://www.conapo.gob.mx/index.php?option=com_content&view=article&id=333&Itemid=15

Table 4 Base model for Mexican state-level analysis

Q1 2003–Q2 2011	
Remittances per migrant in the USA, L1	0.49 (0.12)**
Remittances per migrant in the USA, L4	0.38 (0.11)**
2005	0.38 (0.38)
2006	0.41 (0.38)
2007	−0.23 (0.39)
2008	−0.66 (0.39)
2009	−1.33 (0.39)**
2010	−0.53 (0.38)
2011	−0.52 (0.59)
Baja California	−0.47 (0.46)
Baja California Sur	−0.24 (0.30)
Campeche	1.06 (0.95)
Coahuila	−0.25 (0.28)
Colima	−0.09 (0.19)
Chiapas	5.15 (4.19)
Chihuahua	−0.41 (0.40)
Distrito Federal	0.07 (0.15)
Durango	−0.34 (0.34)
Estado de México	0.19 (0.11)
Guanajuato	0.03 (0.08)
Guerrero	0.29 (0.18)
Hidalgo	0.50 (0.43)
Jalisco	−0.28 (0.29)
Michoacán	−0.03 (0.09)
Morelos	0.05 (0.08)
Nayarit	−0.09 (0.17)
Nuevo León	−0.38 (0.37)
Oaxaca	0.96 (0.60)
Puebla	0.65 (0.38)
Querétaro	0.50 (0.40)
Quintana Roo	0.56 (0.32)
San Luis Potosí	−0.14 (0.20)
Sinaloa	0.04 (0.09)
Sonora	−0.11 (0.25)
Tabasco	2.17 (1.79)
Tamaulipas	−0.19 (0.25)
Tlaxcala	2.18 (1.46)
Veracruz	0.70 (0.56)
Yucatán	0.08 (0.10)
Zacatecas	−0.30 (0.30)
Constant	0.95 (0.53)
R^2	0.98
Observations	928

Standard errors in parentheses

$^{*}p<0.05$, $^{**}p<0.01$

notable. First, the coefficients on the year dummy variables show a similar time trend to the cross-national models shown earlier, although the decline in remittances to Mexico from the 2008 recession seem to have started earlier. Second, most of the state variables are not significant, suggesting that our normalization of state-level remittance flows by migrant population has helped generate greater comparability in the dependent variable.

Model 1 in Table 5 builds on the base model from Table 4 adding four election variables—the quarter of, and the quarter preceding the 2006 presidential election, and the quarter of and the quarter preceding gubernatorial elections in each state.[12] For both gubernatorial elections and the presidential election, remittances per migrant abroad show a statistically significant increase in the quarter prior to the election. These results support Hypothesis 1, suggesting that both presidential and gubernatorial elections in Mexico may induce political remittance cycles similar to those reported in the cross-national analyses above and found previously in O'Mahony (2013).

However, careful examination of the state-level data suggests two substantial outliers that lead us to worry about the sensitivity of the results. Two states with a low number of migrants in the USA and somewhat questionable data are included in the data in model 1: Campeche and Chiapas. In model 2, we rerun the same model excluding these two states. While the magnitudes of the coefficients for the previous quarter for both gubernatorial elections and the presidential election decrease, they remain statistically significant and substantively important.

The coefficient from model 2 suggests what may appear to be a modest increase in the amount of remittances entering each state in the quarter prior to a gubernatorial election: 350 pesos per migrant abroad or between \$25 and \$35 extra US dollars per migrant in the quarter preceding an election. However, given the large number of Mexican migrants abroad, this money adds up quickly. For a Mexican state with an average migrant population in the USA, this is an estimated increase in roughly \$9–10 million US dollars of remittances in the quarter before a gubernatorial election. At the extreme, for a state with a particularly large number of migrants abroad, such Michoacán or Jalisco, the estimated effect is \$30 million USD.

Turning to our other hypotheses, it is worth noting that model 2 provides an average election effect and we wish to examine more carefully how this effect may be conditional on political and economic factors. In model 3, we begin to consider more directly how economic factors in migrants' host countries could influence politically motivated remittances. This can be a challenging task in cross-national analyses, but with an estimated 98 % of Mexican migrants residing in the USA, we can be more confident in using US economic data.[13] Model 3 includes an interaction between the quarter previous to a gubernatorial

[12] We also include controls for two and three quarters prior to elections in other models. The effect remains in the preceding quarter. This one quarter effect is comparable to the effects found in the cross-national monthly data reported in the previous section.

[13] It is possible that the increase in remittances found in the lead-up to the 2006 presidential election was also influenced by the relatively good economic conditions in the USA at the time. However, given that we have only one presidential election in this dataset, we cannot gain leverage on the degree to which the increase in remittances above and beyond expected in Q2 of 2006 immediately prior to the presidential election was influenced by the relatively good economic conditions in the USA at the time.

Table 5 Elections and remittances in Mexican states

		Model 1	Model 2	Model 3	Model 4	Model 5
Presidential election	Current quarter	0.11 (0.57)	0.14 (0.44)			
	Prior quarter	1.42 (0.57)*	1.07 (0.44)*	1.07 (0.42)**	1.03 (0.42)*	1.06 (0.42)*
Gubernatorial election	Current quarter	−0.05 (0.18)	−0.10 (0.15)			
	Prior quarter	0.63 (0.18)**	0.35 (0.15)*	0.07 (0.29)	0.55 (0.27)*	
USA GDP growth				0.02 (0.03)		
Gub. election (prior) × USA GDP growth				0.13 (0.11)		
Margin (prev. fed election)					−0.06 (0.26)	
Gub. election (prior) × margin					−1.55 (1.26)	
Gub. election (prior), partisan change						0.17 (0.15)
Gub. election (prior), no partisan change						0.77 (0.29)**
Remittances per migrant in the USA, L1		0.51 (0.12)**	0.44 (0.10)**	0.45 (0.10)**	0.44 (0.09)**	0.45 (0.09)**
Remittances per migrant in the USA, L4		0.36 (0.11)**	0.43 (0.09)**	0.42 (0.09)**	0.43 (0.09)**	0.43 (0.09)**
Constant		0.86 (0.50)	0.87 (0.43)*	0.76 (0.45)	0.89 (0.44)*	0.85 (0.43)*
Year and state FE		Yes	Yes	Yes	Yes	Yes
R^2		0.98	0.98	0.98	0.98	0.98
Observations		928	870	870	870	870

State and year controls included in all models but not reported. Standard errors in parentheses

* $p<0.05$, ** $p<0.01$

election and US GDP growth in that quarter.[14] Figure 2a provides a graphical interpretation of these results.

Model 3 suggests that political remittance cycles are stronger when US economic growth is average or at high levels. When US growth is low (below 2 %), there is not a statistically significant evidence for the existence of political remittance cycles. This is not simply a direct effect of US economic growth on remittance flows; in fact, US economic growth by itself is insignificant in this model due to the presence of year fixed effects. The conditional effect of US economic growth found in this model is on political remittance cycles, not just on remittance flows overall.

However, given the close social and political ties that Mexican migrants in the USA have to their local communities, it is important to consider how political as well as economic conditions influence the likelihood of an increase in pre-electoral remittances. Political factors should influence migrants' decisions to send political remittances. Levels of state- and local-level democracy overall, and electoral and political competitiveness specifically, vary greatly across Mexico (e.g., Benton 2012; Cleary 2007). As discussed earlier, to the extent that migrants are interested in politics back home for either instrumental or expressive reasons, it seems quite likely that more closely contested elections should provoke both greater excitement and greater inflows of instrumentally motivated political remittances.

We test Hypothesis 3 in model 4 by interacting the pre-electoral quarter with the vote margin between the top two parties in the state in the previous election to the federal House of Representatives. While elections to the federal House of Representatives is not a perfect indicator of the expected competitiveness of gubernatorial elections, for two reasons it is more compelling than its most natural alternative, margin in the previous gubernatorial election. First, governors are term-limited so a personal incumbency advantage is not as crucial to consider as compared to overall party support in the state. Second, the previous gubernatorial election occurred 6 years earlier (in almost all cases), whereas the federal legislative elections typically are within 3 years prior to the gubernatorial election, giving a more recent indicator of partisan competition in the state. Having the more recent indicator seems particularly crucial for a democratizing country like Mexico, where electoral competitiveness has at times changed quite rapidly. Overall, the vote margin between the top two parties varies greatly across Mexican states during our time period. Nearly 10 % of the observations in our sample have a difference between the votes received by the top two parties of one percentage point or less, whereas another 10 % have a margin of 30 % or more.

The results for model 4 suggest that previous vote margin has a conditioning effect on gubernatorial political remittance cycles. In cases in which the previous margin is low, there is a significant gubernatorial election effect on remittances; however, as the previous vote margin increases (and the expected competitiveness of the gubernatorial election declines), the expected effect declines and becomes insignificant. This can be seen graphically in panel b of Fig. 2, which suggests that there is no significant support for the existence of political remittance cycles in gubernatorial elections in which the previous gap between the top two parties was 20 % or more (which is nearly one quarter of our sample).

[14] For ease of presentation, we drop the insignificant election variable, including only the one quarter prior to the election. Inclusion of variables capturing the quarter of the election itself (and interacting that with US GDP growth) does not alter the results.

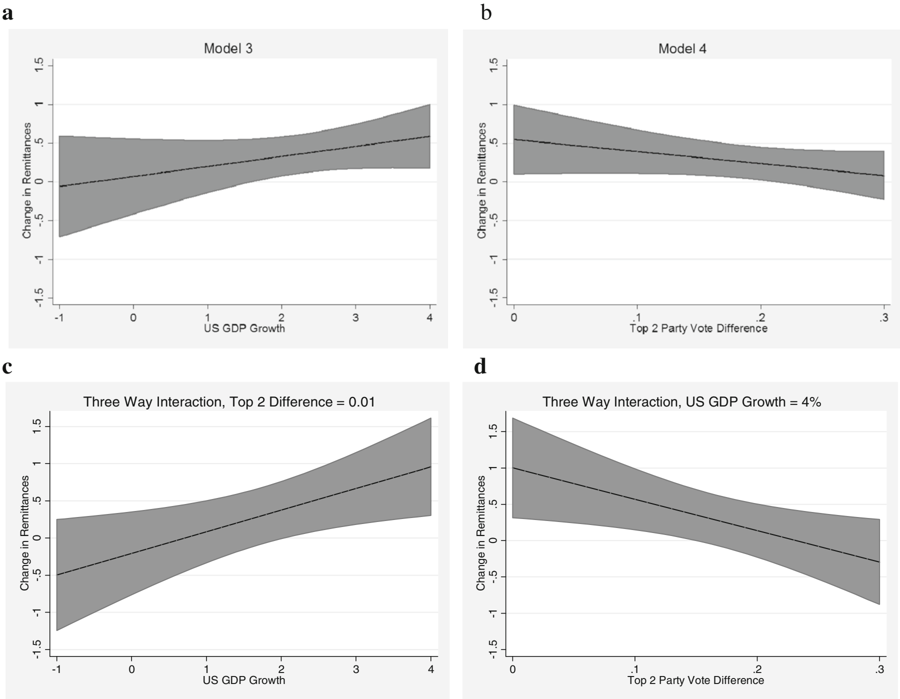

Fig. 2 **a–d** Predicted marginal effects from Table 5, models 3 and 4, and Appendix model C2

Models 3 and 4 suggest that political remittance cycles in Mexican gubernatorial elections are prevalent, except when US GDP growth is unusually low or the gap between the top two parties in the state is quite high. However, in the individual statistical models, the interactions themselves are not statistically significant. As we show in the Appendix, this is a consequence of the two models failing to consider both effects jointly in a single model. The conditioning effects of both variables are statistically significant at conventional levels when they are part of a model that includes a three-way interaction between margin, US growth and gubernatorial election.[15] The greater substantive effect and statistical significance found when considering both factors jointly can be seen graphically in panels c and d in Fig. 2.[16]

Overall, our analysis more accurately pinpoints political remittance cycles to the quarter before elections and shows that they are stronger when elections are expected to be more competitive and when migrants' economic fortunes are good. However, these analyses leave an important question unanswered: do the increases in remittances in the

[15] We report the full model in an online appendix, along with other models and robustness checks referenced in our discussion, for reasons of space.

[16] In panel c, we show the expected effect of a gubernatorial election in the subsequent quarter on remittance flows when the gap between the top two parties in the previous federal elections is low (margin held at 1 %) and economic performance varies. The confidence intervals for the marginal effect of a gubernatorial election when US GDP growth is low (−1 %) and high (4 %) do not overlap. Similarly, as can be seen in panel d, when US GDP growth is high (US GDP growth held at 4 %), the confidence intervals for the marginal effect of an election when top two-party margin is low (1 %) and high (30 %) do not overlap.

lead-up to elections systematically affect their outcomes? While politicians and commentators have suggested that they do matter in specific cases, we cannot make strong claims from our analyses. Simply put, it is difficult to statistically disentangle the effect of increased remittance flows on election outcomes given that remittances appear to increase when elections are expected to be more competitive. This problem is exacerbated by the fact that migrants may have better sources of information about the competitiveness of elections than the indicators we can use. For example, migrants in the USA will rely on conversations with friends and family in Mexico, newspaper reports, and pre-electoral polling (which is quite prevalent in Mexico, but not systematically available across our entire sample) as indicators of the competitiveness of elections.

Although our models cannot distinguish between a selection effect in which remittances are drawn to more competitive elections, and a direct effect of remittances on election outcomes, for exploratory purposes, model 5 shows how political remittance cycles are much more pronounced in elections in which the party of the governor changes hands. Remittance flows increase on average roughly three times as much in the quarter prior to a gubernatorial election in which the partisanship of the governor changes. The increase in remittances prior to a gubernatorial election in which there is no change in partisanship is not statistically significant. However, future work is needed to disentangle the effect of remittances on election outcomes.[17]

Political Remittance Cycles and Migrant Political Engagement

Our data cannot demonstrate how widespread migrant political engagement with their home country is; the level of aggregation makes it impossible to identify who is sending money to whom. However, it is important to note that the evidence in this article does not suggest that all, or even most, migrants are politically engaged in their home country politics. Typically, the extent to which people are politically engaged drops dramatically as the costliness (both in terms of time and money) of the involvement increases. It is likely that the pre-electoral political remittance cycles found here are primarily driven by the subset of the migrant community that are more politically engaged in their home country politics, just as most domestic election campaign contributions are drawn from a small segment of society.

Citizens, both domestically and abroad, have many possible channels for political involvement. However, emigrants may find that political participation is often more costly than for domestic citizens. In fact, for many migrants, financial contributions may be a less costly means of political participation than voting. Voting may be impossible for migrants abroad, or even if it is theoretically possible, the government may set up prohibitive logistical barriers making it infeasible for the bulk of migrants, as in the case of Mexico. IFE (Mexico's Federal Election Institute) reported that just over 40,000 votes were cast by Mexicans abroad in the 2012 presidential election. While this was a 25 % increase from 2006 (the first presidential election in which voting abroad was possible), it remains a miniscule fraction of the estimated 12 million

[17] One possibility would be to rely on an instrumental variable strategy, as has been used in other contexts (e.g., Ahmed 2012; Tyburski 2012).

Mexicans living abroad, and a much smaller number than those Mexican migrants who are involved politically through other activities, such as through home town associations (HTAs) and political party organizations.

Strikingly, it is often those migrants who have been gone the longest and are most established in their new country that are most engaged in politics in their home country as well. For example, in a poll of registered US Latino voters in June 2012, 43 % of Mexican-born respondents reported paying substantial attention to the Mexican election campaign (Félix 2012). This result is unsurprising, given previous analyses of surveys on Latino migrants in the USA (e.g., Waldinger et al. 2012). Mexican laws have changed within the last 10 years allowing migrants to run as candidates in (some) state and federal elections, and some migrants have successfully been elected and served as "migrant politicians." These candidates have typically been leaders in the migrant communities in which they reside, often they have been dual citizens, and they are frequently involved in electoral politics in both their home and host countries (Félix 2010).

However, when undocumented Mexican migrants in the USA engage in politics, much more of the focus has been on improving their living conditions (e.g., Zlolniski 2006). Political remittances—and other forms of migrant transnational political activity—are for many migrants a "luxury" and one that takes a back seat to ensuring their basic needs and those of their families. Thus, as in many forms of political participation, there are likely to be significant representational biases as to who is engaged in the bulk of politically motivated financial remittances.

Political Remittance Cycles and Migrants' Motives for Remittances

Remittances are driven by migrants' social, political, and economic concerns, and distinguishing among those concerns is almost impossible in the aggregate analysis of remittances. However, prior analyses of remittance flows have focused almost exclusively on migrants' social and economic concerns, ignoring the well-established ethnographic evidence as to migrants' transnational political engagement. The analyses here suggest that the aggregate analyses are missing an important factor in understanding migrants' remitting behavior, as the magnitude of political remittance cycles is large enough to matter politically.

The macro-level evidence we provide comports well with the prior qualitative and ethnographic research. Østergaard-Nielsen (2003) highlights numerous examples of migrant involvement in elections and mobilization for the right to vote from abroad. The importance of diasporas politically have led most Liberian presidential candidates to formally announce and kick off their campaign in the USA (Lyons and Mandaville 2010). Support by the overseas Indian community has been crucial to the resurgence of the Hindu right in India, and the crucial role of migrants in financing major political parties has been well-established in a wide range of cases including India (Bose 2008), Turkey (Østergaard-Nielsen 2003), and Ethiopia (Lyons 2007).

However, while our results are consistent with this previous work, our research does not demonstrate that migrant political motives drive the cycles we find. The standard challenges of inferring individual motives from aggregate behavior hold. Political remittance cycles might occur not only if migrants' attempts to use remittances for political influence exhibit an electoral pattern, but also if migrants' affective ties to the home country increase around elections. It could be that when elections in their home country are in the news, migrants think about and talk to their family in the country more often and, as a consequence, send more money home. In this alternative interpretation, although political remittance cycles exist, they do not represent migrants' political motives. Instead they are the result of time-varying affective attachment to their home country.

While it is important to recognize the multiplicity of factors driving migrants' remitting behavior, we believe our results about the timing of political remittance cycles are more consistent with political remittance cycles arising due to migrants' political use of remittances. Typically, news coverage of elections, overall levels of excitement, and the concomitant increase in affective ties surrounding competitive elections peak at the time of the election itself. However, our analyses suggest that the political remittance cycles consistently peak several months before the election, when parties and candidates are actively engaging in fundraising, mobilization, and early campaigning, but broader political engagement is not necessarily as high. Thus, it seems less likely that the political remittance cycles found here are driven solely by an increase in migrants' affective ties to their home country surrounding elections. That being said, we make this point only tentatively here. More systematic examination of time-varying measures of migrant political engagement would be a promising area of future research through which to explore this question in more detail.

Conclusion

In this article, we have focused on analyzing the nature and conditions influencing political remittance cycles both subnationally and cross-nationally. Our analyses of state-level remittances in Mexico are the first to show a significant increase in subnational remittances based on the timing of subnational elections. Furthermore, we are able to clearly identify how both US economic conditions and Mexican state-level political competitiveness influence these political remittance cycles. Our cross-national analyses confirmed the existence of political remittance cycles using monthly data for the first time, but crucially this required conditioning on migrant host country economic conditions. Both sets of analyses pinpointed the increase in remittances to be in the 3 or 4 months (one quarter) prior to an election.

This paper thus moves beyond previous analyses of migrants' remittances in key ways that helps us better understand the conditions influencing migrants' political involvement back home, at least their involvement through financial remittances. While many international organizations have emphasized the development potential of migrants' remittances, it should be clear that migrants are not silent partners in development and frequently desire to be involved politically as well. Our findings have highlighted two key facets that appear to systematically influence migrants' ability and incentives to engage in political remittances: how well migrants are doing economically in their host country and the competitiveness of politics back home.

This article also suggests some questions that remain for future analyses. Migrants' influence is not limited to money; one additional path for migrants from many countries is their vote. Extraterritorial voting rights vary dramatically by country, and ensuring voting rights (and the ability to exercise those rights) is a key political issue for many migrant and diaspora communities. As such, the interaction between the financial and electoral influence of migrants seems a promising area to explore in the future.

Furthermore, it is not simply the economic and political characteristics of host and home countries that should matter, but the characteristics of the migrants themselves. Migrant communities and diasporas are quite heterogeneous, and the extent to which migrant communities are temporary seasonal workers living apart from their families, or migrants who have moved (potentially more permanently) together with their family, or are economic or political refugees ought to influence the nature of their political involvement. Finally, it is important to consider whether migrants' political remittances have a systematic effect on political and electoral outcomes. This possibility is particularly salient given that migrant communities and those supported by migrants abroad are often seen as more likely to be supportive of political change in their home countries (e.g., Ahmed 2011).

More generally, this work suggests that in the future, it is crucial to consider how political remittances—a key component of Kapur's (2010) diaspora channel for the political influence of migration—interact with other channels of influence. First, those who send political remittances home while abroad may engage in politics in a different fashion when they return to their home country than those who do not, suggesting an interaction between the diaspora and return channels. Similarly, political remittances may mitigate or transform the "absence" channel, as political remittances allow for the continued involvement of those who are absent from, but remain attached to, their home country.

Our current age of globalization has not simply made it easier for people to move abroad, it has made it easier for these migrants to stay informed and involved politically in their country of origin. This allows the potential for the direct "diaspora" channel of influence of migration to be more important than in the past, and as such, it behooves scholars and policymakers to better understand what influences the extent to which migrants become involved politically in their home countries and what consequences this involvement might have.

Acknowledgments The authors wish to thank the editors and reviewers in particular for their comments on this article, as well as the participants at conferences and presentations at Centro de Investigación y Docencia Económica, the Southern California Comparative Political Institutions Conference, the University of Southern California, and the Canadian Institute for Advanced Research Institutions, Organizations and Growth Program.

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Benjamin Nyblade is Assistant Professor of Political Science at the University of British Columbia and a scholar with the Institutions, Organizations and Growth Program of the Canadian Institute for Advanced Research. His research focuses on political institutions, parties, and elections, and his previous articles have been published in the *American Journal of Political Science*, *American Political Science Review*, and the *British Journal of Political Science*, among other journals.

Angela O'Mahony is a political scientist at the RAND Corporation specializing in international political economy and economic security. Her recent research on how political and economic contexts influence economic policies and financial flows has been published in the *Journal of Politics*, *British Journal of Political Science*, *Comparative Political Studies*, and *Journal of Conflict Resolution*.