

# THE POPULIST ROAD TO MARKET REFORM

## Policy and Electoral Coalitions in Mexico and Argentina

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### INTRODUCTION

**D**URING his tenure of office between 1988 and 1994, Mexican President Carlos Salinas de Gortari proclaimed a new guiding ideology for his presidency and his country's ruling party, the Partido Revolucionario **Institucional (PRI)**. Liberalismo Social (Social Liberalism) would replace the statist and corporatist Nacionalismo **Revolucionario** (Revolutionary Nationalism) as the vision advanced by the party in a new age of free-market development. During much the same period, five thousand miles away, Argentina's President Carlos Saul **Menem** committed his government to the pursuit of a new development model, the **Economía Popular de Mercado** (Popular Market Economy), a policy shift that reversed the Peronist party's historic commitment to state-led economic development. These leaders headed the two most important populist movements in Latin America, movements that had strong ties to labor and embodied their countries' pursuit of state-led economic development. The policy shifts thus had tremendous coalitional and institutional consequences. They implied a restructuring of the social coalitions that had historically supported the Peronist party and the **PRI**, and the alteration of many of the representational arrangements that linked key social actors to the state. Although these reforms reversed historic policy commitments and

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adversely affected the parties' key social constituencies, both parties handily won their respective presidential elections held in 1994 in Mexico and in 1995 in Argentina.

How did leaders of the PRI and the Peronist party carry out such shifts and remain electorally viable? What coalitional characteristics, which shaped the dynamics of these transitional periods, did these movements share? This essay offers a rethinking of the internal coalitional dynamics of these broad-based national parties. The literature on populist coalition building has tended to stress the importance of these parties' strategic links to labor and developmental cross-class alliances. This essay, however, conceives of these parties as unions of two distinctive regional subcoalitions and suggests a historical division of labor between the subcoalitions in the realms of policy-making and electoral politics. Peronism and the PRI are thus understood as encompassing a "metropolitan" coalition and a "peripheral" coalition. The metropolitan coalition functioned primarily as a policy coalition that gave support to the parties' development strategies. The peripheral coalition functioned largely as an electoral coalition, which carries the burden of generating electoral majorities. This perspective, which stresses the interaction between the electoral and policy-making dimensions of coalition building, sheds light on important complexities in the historical evolution of these parties and on the current process of coalitional realignment and economic reform.

### METROPOLITAN AND PERIPHERAL COALITIONS IN THE EVOLUTION OF POPULISM

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

<sup>1</sup> In Latin American studies the "populism" concept has been subject to continuous stretching over the years to include types of movements, policy-making patterns, ideologies, coalitions, styles, or 'ways of doing politics.' Some conceptualizations have included all these features. The concept of populism' in this essay is more restrictive, denoting parties that incorporated labor during the historical and developmental period mentioned above. These characteristics link Peronism and the PRI conceptually to

strategic link to labor and the developmentalist policy orientation were two features indissolubly linked to populist parties generally and to Peronism and the PRI in particular.<sup>2</sup>

Peronism and the PRI have thus been largely analyzed as labor-based movements whose political and electoral clout resided in the most urbanized and modern regions of the country.<sup>3</sup> These were, after all, the movements that put an end to oligarchic rule and organized new social forces for the reorganization of their countries' political economies. But the picture is not complete until we look more carefully at other aspects of the populist coalitions, aspects which have not received much attention relative to the much analyzed relationship of these parties to labor. Labor and the developmental coalition to which it was linked were important, but often electorally insufficient components of the PRI and Peronist coalitions. If we look at these movements as national parties, as mobilizers of electoral victories throughout the national territory, we see that there was more to populism. The other less illuminated, perhaps even seedier, side of populism is its rural, nonmetropolitan side. In the metropolis, populism was a revolutionary force, incorporating labor into its fold and promoting a new class of domestically oriented entrepreneurs as carriers of new state-led strategies of economic development. It was the metropolis that gave populism its modern face—that gave it the social and economic clout to build a new economic order. It was the periphery, however, that linked populism to the traditional order, gave it coherence as a national electoral force, and extended its reach throughout the national territory.

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such movements as, Alianza Popular Revolucionaria Americana (APRA) in Peru, Acción Democrática in Venezuela, and Varguismo in Brazil. For a less restrictive definition of populism, see Kenneth M. Roberts, "Neoliberalism and the Transformation of Populism in Latin America: The Peruvian Case," *World Politics* 48 (October 1995).

<sup>2</sup> See, for example, such works as Ruth Berins Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (Princeton: Princeton University Press, 1991); Michael L. Conniff, ed., *Latin American Populism in Comparative Perspective* (Albuquerque: University of New Mexico Press, 1982); Ruth Berins Collier, *The Contradictory Alliance: State-Labor Relations and Regime Change in Mexico* (Berkeley: Institute of International and Area Studies, University of California, 1992); Kevin Middlebrook, *The Paradox of Revolution: Labor, the State, and Authoritarianism in Mexico* (Baltimore: Johns Hopkins University Press, 1995); Miguel Murmis and Juan Carlos Portantiero, *Estudios sobre los orígenes del peronismo* (Buenos Aires: Siglo XXI Editores, 1971); Joel Horowitz, *Argentine Unions, the State, and the Rise of Perón, 1930-1945* (Berkeley: Institute of International and Area Studies, University of California, 1990); Juan Carlos Torre, ed., *La formación del sindicalismo peronista* (Buenos Aires: Editorial Legasa, 1988); and Guillermo A. O'Donnell, *Modernization and Bureaucratic Authoritarianism: Studies in South American Politics* (Berkeley: Institute of International and Area Studies, University of California, 1971).

<sup>3</sup> The role of the PRI in mobilizing peasants, as a pillar of its corporatist structure, has been widely addressed, but analysis has rarely gone beyond its controlled and subservient status within the coalition. The functions of the regional subcoalition, which organized peasant and rural sectors, in the maintenance and internal power struggles of the PRI have been understudied aspects of the party's politics.

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

The metropolitan coalition was located largely in urban areas and economically important regions of the **country**.<sup>4</sup> Its most important constituencies were labor and business groups, geared toward the domestic economy and dependent on state subsidies and protection. These social groups were vital for the implementation of developmentalist economic policies. They generated support for state policies and ensured, through corporatist bargaining, mobilization, and legitimation, the viability of the development model and the governability tasks of the political system.

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

## THE ORIGINS OF THE POPULIST COALITIONS

### THE FORMATION OF THE PERONIST PARTY

The mobilization of labor in Argentina's metropolitan regions was decisive in the rapid rise to power of army colonel Juan **Perón** after the

<sup>4</sup>The term "metropolitan" is thus employed here to mean more than "urban," although the relationships described in the following pages tend to accentuate levels of urbanization. The term here denotes the most dynamic and economically dominant areas of the country.

1943 military coup that overthrew a conservative civilian regime. Appointed secretary of labor shortly after the coup, **Perón** galvanized the moribund agency and made it an aggressive champion of workers' rights. He also used his position in office to tie labor organizations more closely to the state, to purge them of communist and opposition **influences**, and to build networks of supporters in the labor movement. **Perón** thus used the power of the state to tap a constituency that, in spite of its organizational clout and importance in the country's urban occupational structure, had been largely unclaimed by the national political establishment.

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

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

To this end, **Perón** reached out to the enforcers of the periphery's status quo. Throughout the interior provinces, he recruited local conservative leaders into his alliance, from the top leaders of provincial governments to local party hacks who controlled electoral machines in rural areas and small **towns**.<sup>6</sup> The defection of conservative caudillos facilitated the massive transfer of votes from conservative electoral networks throughout the country to the 1946 Peronist ticket.<sup>7</sup>

<sup>5</sup> Murmis and Portantiero (fn. 2).

<sup>6</sup> The Junta Renovadora, a conservative faction of the Radical Party dominated by leaders from the "interior" provinces, supported **Perón's** candidacy. So did the Partido Independiente, a small group of provincial conservative-party leaders. These two electoral groupings and additional coalition building with local caudillos helped, build support in areas beyond the Partido Laborista's geographical reach. See Darío Canton, *Elecciones y partidos políticos en la Argentina* (Buenos Aires: Siglo XXI Editores, 1973); and Sandra J. Aidar, "Electoral Reform in Argentina and the Revival of the Peronist Party" (Master's thesis, MIT, February 1994).

<sup>7</sup> Systematic case studies of the Peronist party's formation in the interior provinces are unfortunately almost nonexistent. However, a glimpse of processes taking place throughout the country is provided

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

The creation of the Partido Justicialista established Peronism's electoral presence throughout the country. It also created a new internal balance of power between the movement's national coalition members. The social and political forces that had brought **Perón** to power underwent major reorganization in the period following his election. The union movement experienced a dramatic expansion of its membership, and its organizations were strengthened and linked closely to the state. In the metropolitan regions, labor organizations, with their expanding mass mobilizational capabilities, became the primary organizers of the Peronist electoral machine. After the 1946 elections the union movement's dominance over party leaders was almost complete in the metropolitan areas' electoral organization.<sup>8</sup>

Political caudillos remained important, however, for mobilizing votes outside the working class, and they were most important in less developed regions with few industrial workers and union members. In the 1940s the industrial working class was largely located in the greater Buenos Aires urban area, and to a lesser extent in such budding industrial cities as **Rosario** and Cordoba. Throughout the rest of the country, however, traditional social structures dominated, and the paternalistic political control of caudillos held sway. The conservative political machines that had controlled political life for decades, and which had

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by two studies of the 1946 election in the provinces of Cordoba and Buenos Aires, both of which experienced endorsements of **Perón** by prominent conservative leaders. Luis **González** Esteves and Ignacio Llorente report a significant transfer of conservative organizational resources and votes to the Peronist ticket. The exceptions were large urban areas, where the working-class constituencies of Peronism were congregated. See Luis Gonzales Esteves, "Las elecciones de 1946 en la provincia de **Córdoba**," and Ignacio Llorente, "Alianzas políticas en el surgimiento del peronismo: El caso de la provincia de Buenos Aires," in Manuel Mora y Araujo and Ignacio Llorente, eds., *El voto peronista: Ensayos de sociología electoral argentina* (Buenos Aires: Editorial Sudamericana, 1980). A more recent work, both historical and partisan, provides details of local-elite networks that supported the rise of Peronism in the northwestern province of La Rioja, President **Menem's** home province. See Hugo Orlando **Quevedo**, *El Partido Peronista en La Rioja*, 3 vols. (Cordoba: Marcos Lerner Editora, 1991).

<sup>8</sup> Manuel Moray Araujo, "Introducción: La sociología electoral y la comprensión del peronismo," in Moray Araujo and Llorente (fn. 7), 49.

helped put **Perón** in power in 1946, were dominant facts of local political life. Incorporating them into the national party was vital to making Peronism a truly national electoral force.

Thus, the period following **Perón's** assumption of the presidency was marked by the reorganization of the peripheral electoral coalition that had helped him win. Temporary deals with autonomous conservative machines were followed by the outright absorption of these leaders and organizations into the national Peronist party. Former conservative *caudillos* became Peronist *caudillos*, or their organizations and followers were absorbed by the national party and given new leaders from among their ranks. Control of the state also gave **Perón** the ability to engage in the autonomous mobilization of rural and nonmetropolitan constituencies. This mobilization, however, was far less threatening to local power relations than the mobilization then taking place in the country's metropolitan regions. Measures passed during **Perón's** first term, such as the Estatuto *del* Peon, extended benefits and legal rights to rural laborers, but did not threaten existing land-tenure patterns or disrupt local-elite control over economic life.<sup>9</sup> They were, however, effective in mobilizing support among the lower social strata for a national Peronist party whose local political and social structures closely resembled those that had dominated life in the pre-Peronist political order.

With the founding of the Partido Justicialista, the autonomous electoral creation of the Argentine labor movement, the Partido Laborista, was dissolved. In its place, **Perón** created a national party supported by two distinctive and regionally specific pillars. The urban labor organizations, which had declared in the founding documents of the Partido Laborista that no "members of the oligarchy" would be permitted in its ranks,<sup>10</sup> were incorporated alongside the conservative-dominated party machines of the interior regions of the country. By doing this, **Perón** institutionalized not only the Peronist party's presence throughout the nation, but also a new internal balance of power in the party. As a national party, Peronism would not be exclusively dependent on its powerful and highly mobilized constituencies in the labor movement. Their clout in the area of mobilization would be countered by the electoral weight of the *caudillo*-dominated and socially heterogeneous constituencies in the peripheral coalition. **Perón** was thus able to fuse disparate coalitions under one national party structure, and each coalition provided a counterweight to the other. The two pillars were rooted

<sup>9</sup> Robert J. Alexander, *The Perón Era* (New York: Columbia University Press, 1951), 141-53.

<sup>10</sup> Cited in Murmis and Portantiero (fn. 2), 96.

in very different social contexts and organized by different types of machines: corporatist and mobilizational in the metropolis, clientelistic and conservative in the periphery. The Peronist party's seeming invulnerability at the polls in subsequent decades as well as the continuous (and often polarizing) tensions between the party's metropolitan labor organizations and its provincial party organizations were both results of Peronism's successful fusion of these two national subcoalitions.

Electoral studies of the Peronist vote, written during the 1970s, provide a sense of the continuities involved in the relations between metropolitan and peripheral coalitions after Perón's rise to power. The most consistent finding is the negative relationship between the Peronist vote and indicators of economic development and modernization as the Peronist coalition became established.<sup>11</sup> In the 1946 election the Peronist vote was positively associated with such variables as industrialization, urbanization, and size of the working-class population, and ambiguously associated with indicators of economic backwardness. These results reflected Perón's reliance in 1946 on labor mobilization and the weakness in the organization of the independent Peronist electorate in the interior. However, by 1954 these relationships had changed. Peronism was most positively associated with indicators of social and economic backwardness, and most negatively associated with indicators of economic development and modernization.<sup>12</sup> Studies of the 1973 presidential elections suggest that these tendencies persisted after decades of repression and electoral proscription of the Peronist movement by authoritarian governments. In the 1973 presidential elections, Peronism's performance in rural and underdeveloped regions far outstripped its performance in urban regions, a performance which gave the Peronist party its slim national electoral majority in March 1973.<sup>13</sup>

<sup>11</sup> As Mora y Araujo and Smith note, summarizing the literature on the subject, "the conclusion has been categorical: the higher the level of development, the lower the Peronist vote." Manuel Mora y Araujo and Peter Smith, "Peronism and Economic Development: The 1973 Elections," in Frederick C. Turner, ed., *Juan Perón and the Reshaping of Argentina* (Pittsburgh: University of Pittsburgh Press, 1983), 177. Electoral studies of Peronism that have noted this trend include Ignacio Llorente, "La composición social del movimiento peronista hacia 1954," in Mora y Araujo and Llorente (fn. 7); Peter Smith, "The Social Bases of Peronism," *Hispanic American Historical Review* 52 (1972); Lars Shultz, *The Populist Challenge: Argentine Electoral Behavior in the Postwar Era* (Chapel Hill: University of North Carolina Press, 1983); Manuel Mora y Araujo, "La estructura social del peronismo: Un análisis interprovincial," *Desarrollo Económico* 14 (1975); Darío Canton and Jorge R. Jorrot, "Occupation and Vote in Urban Argentina: The March 1973 Presidential Election," *Latin American Research Review* 13, no. 1 (1978); and Douglas Masden and Peter G. Snow, *The Charismatic Bond: Political Behavior in Time of Crisis* (Cambridge: Harvard University Press, 1991).

<sup>12</sup> This pattern is detailed in Llorente (fn. 11).

<sup>13</sup> In the March 1973 election, the Peronist party consistently received over 60 percent of the vote in rural districts, while failing to get a majority in most urban districts. As Mora y Araujo noted, "It is very clear that if only those districts with urban populations higher than 40 percent had been counted,



TABLE 1  
CORRELATIONS BETWEEN SELECTED SOCIOECONOMIC VARIABLES  
AND THE PERONIST VOTE<sup>a</sup>

	1946	1954	March 1973	Sept. 1973
Per capita product	.07	-.39	-.75	-.80
Illiteracy	-.08	.63	—	—
Literacy	—	—	-.59	-.59
Urbanization	.20	-.48	-.64	-.55
EAP in primary sector <sup>b</sup>	-.24	.28	.28	.12
EAP in secondary sector <sup>b</sup>	.32	-.18	.03	-.04
EAP in tertiary sector <sup>b</sup>	.09	-.34	-.11	-.36
Urban working class	.30	-.14	-.39	-.40

**SOURCES:** Calculations for 1946 and 1954 from Ignacio Llorente, "La composición social del movimiento peronista hacia 1954"; calculations for 1973 from Manuel Moray Araujo, "Las bases estructurales del Peronismo"; in Mora y Araujo and Llorente, eds., *El voto peronista: Ensayos de sociología electoral argentina* (Buenos Aires: Editorial Sudamericana, 1980).

<sup>a</sup>N=479 electoral counties. Significance levels of coefficients not listed.

<sup>b</sup>EAP=Economically active population.

The coefficients listed in Table 1<sup>14</sup> measure correlations between the Peronist vote and selected socioeconomic indicators from the Argentine census, giving an indication of the nonmetropolitan bias to the Peronist vote which emerged after 1946.<sup>15</sup>

the Peronist party would not have attained the 50 percent vote total which gave it its victory in the March elections." Manuel Moray Araujo, "Las bases estructurales del Peronismo," in Mora y Araujo and Llorente (fn. 7), 423.

<sup>14</sup> Working from a similar database, Manuel Moray Araujo and Peter Smith provide further support for this argument in a multiple regression analysis of the 1973 elections, in which indicators of social deprivation and underdevelopment have the strongest positive impact on the Peronist vote, while indicators of urbanization register a strong negative impact. See Mora y Araujo and Smith (fn. 11), 177-81.

<sup>15</sup> The correlations presented in Table 1 and elsewhere in this essay are ecological correlations; that is, they measure the association between aggregate economic indicators and aggregate electoral results for given geographic units (in this case, Argentine electoral counties, which today number 520). The unit of analysis is not the individual voter, but the geographic unit. The negative associations between such variables as "urban working class" and Peronist party vote should not, therefore, be interpreted as indications of the preferences of working-class individuals, but of Peronist electoral performance in geographic areas where workers live. These tend to be areas of high urbanization and economic development, which also include other social sectors whose electoral preferences may differ dramatically from those of working-class voters. In fact, studies based on survey data or urban-area data sets consistently find strong working-class support for the Peronist party. See, for example, Jeane Kirkpatrick, *Leader and Vanguard in Mass Society: A Study of Peronist Argentina* (Cambridge: MIT Press, 1971); Masden and Snow (fn. 11); Schoultz (fn. 11); Peter Ranis, *Argentine Workers: Peronism and Contemporary Class Consciousness* (Pittsburgh: University of Pittsburgh Press, 1992); Smith (fn. 11); and Gino Germani, "El surgimiento del peronismo: El rol de los obreros y de los migrantes internos," *Desarrollo Económico* 13 (October-December, 1973).

### THE ORIGINS OF THE PRI IN MEXICO

The formation of what is today named the Partido Revolucionario Institucional went through several stages. The first stage was the creation by Plutarco Elías Calles of the Partido Nacional Revolucionario (PNR) in 1929. The creation of the PNR was first and foremost an effort to impose central authority on a fractious nation in the aftermath of the armed conflicts and intraelite struggles that had rocked the nation since the outbreak of the 1910 revolution. The PNR's founders sought to bring together under one institutional umbrella the disparate regional power holders that had emerged from these conflicts. They also sought to establish procedures of negotiation and political succession that would institutionalize intraelite conflicts and provide electoral hegemony to elites in control of national and regional governments.<sup>16</sup> The PNR was thus an effort to organize the existing Mexican political strata, whose composition was as regionally varied as the reach of the Mexican revolution itself. They included progressive and conservative governors, local revolutionary caciques, landlords, and military caudillos.<sup>17</sup> In an effort to establish institutional control throughout the territory, the PNR incorporated the array of old and new, revolutionary and prerevolutionary power holders who were left standing after decades of armed conflict.\*

<sup>16</sup> A detailed treatment of the formation of the PNR is provided by Luis Javier Garrido, *El partido de la Revolución institucionalizada: La formación del nuevo Estado en México, 1928-1945* (Mexico City: Siglo XXI Editores, 1986). For this period see also, Jean Meyer, *Estado y sociedad con Calles, vol. 11 of Historia de la Revolución Mexicana* (Mexico City: El Colegio de México, 1977); and Lorenzo Meyer, Rafael Segovia, and Alejandra Lajous, *Los inicios de la institucionalización, vol. 12 of Historia de la Revolución Mexicana* (Mexico City: El Colegio de México, 1978); and Samuel Leon, "Del partido de partidos al partido de sectores," in Carmen Corona, ed., *El partido en el poder: Seis ensayos* (Mexico: Partido Revolucionario Institucional-Instituto de Estudios Políticos, Económicos y Sociales [IEPES], 1990).

<sup>17</sup> The terms "caudillos" and "caciques" seem to have slightly different meanings in Argentina and Mexico. In Argentina, "caudillo" denotes a political boss. The Argentine caudillo can be a local boss or a national leader. In Mexico, "cacique" explicitly denotes a local political boss, while "caudillo" generally denotes a civilian or military political leader whose authority is national in scope. In both Mexico and Argentina, caciques and caudillos can draw their political authority from socioeconomic power relations, political institutions, or both. I am indebted to Blanca Heredia, of the Centro de Investigaciones y Docencia Económicas (CIDE), and Fernando Escalante, of the Colegio de México, for these distinctions. For typological and analytical discussions of this issue, see Fernando Díaz Díaz, *Caudillos y Caciques: Santa Anna y Juan Alvarez* (Mexico City: El Colegio de México, 1971), and Gilbert Joseph, "Caciquismo and the Revolution: Carrillo Puerto in Yucatan," in D. A. Brading, ed., *Caudillo and Peasant in the Mexican Revolution* (Cambridge: Cambridge University Press, 1980).

<sup>18</sup> As Alan Knight notes, "Through the 1920s and 1930s Mexican elites remained variegated and fractious, especially if the vital provincial, as against national, perspective is adopted. In parts of the south the plantocracy still ruled, albeit under pressure; the northern bourgeoisie prospered (at least until the later 1920s); and the new revolutionary elite—generals, above all, acquired property to match their power. But there were also elites, some of popular extraction, who depended on continued popular support for their advancement." Knight, "Mexico's Elite Settlement: Conjuncture and Consequences," in John Higley and Richard Gunther, eds., *Elites and Democratic Consolidation in Latin America and Southern Europe* (New York: Cambridge University Press, 1992), 128.

Responding to worker and peasant masses mobilized by the revolution was also a concern of PNR founders, but it was subordinated to the imperative of territorial consolidation. The PNR's creation was thus a deal between the center and the regions, involving the incorporation of regional elites into the national party in exchange for local autonomy. The party was organized territorially, with little or no efforts made toward the sectoral incorporation of the masses.<sup>19</sup>

The presidency of **Lázaro Cárdenas** from 1934 to 1940 temporarily shifted the party's internal balance of power in favor of sectoral incorporation of workers and peasants. In an effort to consolidate new power bases against the continuing influence of Callistas and their networks of regional power bosses, **Cárdenas** carried out the most sweeping labor and land-reform initiatives ever seen in the country's history.<sup>20</sup> During this period the first manifestations of what would become the metropolitan and peripheral coalitions emerged in the party's national coalitional structure. The national labor movement was mobilized as an official constituency of the party, an act that made it a pivotal part of the party's emerging metropolitan coalition. In the countryside, massive land-reform initiatives were accompanied by the sectoral organization of peasants and rural workers and their formal incorporation into the party structure. **Cárdenas** then spearheaded the reform of the party itself, renaming it the Partido de la **Revolución Mexicana** (PRM) and converting its territorial organization to the functional organization of national peasant, labor, and middle sector groups.<sup>21</sup> With the functional reorganization of the party, Cardenas thus empowered new social groups whose loyalty and political clout strengthened the national party leadership. By adding a new line of cleavage to the previously dominant regional cleavage within the party, he also diluted or neutralized those elite groups whose power had resided in the party's territorial structures. The tension between territorially based elites and functionally

<sup>19</sup> In fact, the territorial deal underlying the PNR was a mechanism for dealing with the threat of class conflict. In exchange for their support, the PNR offered regional elites protection against continued revolutionary change. See Garrido (fn. 16), 127-28.

<sup>20</sup> On the internal struggles that drove the **Cárdenas** reforms, see Wayne Cornelius, "Nation-building, Participation, and Distribution: The Politics of Social Reform under **Cárdenas**," in G. A. Almond, S. C. Flanagan, and R. J. Mundt, eds., *Crisis, Choice, and Change: Historical Studies in Political Development* (Boston: Little, Brown, 1973). See also Nora Hamilton, *The Limits Of State Autonomy: Post-Revolutionary Mexico* (Princeton: Princeton University Press, 1982).

<sup>21</sup> The military was organized into a "sector" as well, but this sector was dissolved shortly thereafter. The reorganization of the PRM and party-constituency relations is analyzed in Middlebrook (fn. 2), and in Ruth Berins Collier (fn. 2). Detail on the dynamics of the **Cárdenas** presidency is provided by Luis Gonzalez in *Los artífices del cardenismo*, vol. 14 of *Historia de la Revolución Mexicana* (Mexico City: El Colegio de Mexico, 1979), and *Los días del presidente Cárdenas*, vol. 15 of *Historia de la Revolución Mexicana* (Mexico City: El Colegio de Mexico, 1981).

organized sectors of the party would persist within the party to the present day

The **Cárdenas-led** land reforms and peasant mobilizations had another effect on what would become the party's peripheral coalition. In regions affected by land reform, they placed party-controlled electoral machinery throughout the countryside. A result was the controlled mobilization of rural masses in support of national leaders and a large captive rural electorate that would become instrumental to the party's electoral success. Once the reformist euphoria of the Cardenista period subsided in the countryside, a new system of rural electorate control remained in place. Caciques loyal to the PRM (later renamed PRI) came to replace those of pre-Cardenista days. Thereafter the PRI's peripheral coalition throughout the country would consist of a blend of revolutionary and **prerevolutionary** systems of rural electoral mobilization and control. In areas swept by the winds of the revolutionary periods, PRI caciques, dispensing land titles and party patronage, ensured the overwhelming support of rural voters for the ruling party. In areas that escaped the effects of the revolution, more traditional forms of **cacique-led** political and social control prevailed. The guardians of the old order were given free rein to perpetuate local power arrangements in exchange for reliably delivering massive PRI victories at election time.<sup>22</sup>

A glance at the PRI's electoral performance over the last several decades reveals the party's reliance on the peripheral coalition. (See Table 2.) Prior to the 1970s the PRI enjoyed hegemonic status, and while its electoral margins were consistently larger in rural and less developed areas, it won overwhelmingly throughout the country.<sup>23</sup> The peripheral coalition was thus less important as a mobilizer of electoral majorities than as a guarantor of order and political support for the PRI-dominated regime throughout the country. Its importance as an electoral coalition, however, grew dramatically from the 1970s onward, as

<sup>22</sup> In both cases, of course, the mobilization and control of rural electorates were complemented, when needed, with electoral fraud. For an analysis of rural power dynamics in the postrevolutionary period, see Werner Tobler, "Peasants and the Shaping of the Revolutionary State, 1910-1940," in Friedrich Katz, ed., *Riot, Rebellion, and Revolution: Rural Social Conflict in Mexico* (Princeton: Princeton University Press, 1988). Illustrative local case studies include **Guillermo de la Peña** "Populism, Regional Power, and Political Mediation: Southern Jalisco, 1900-1980," in Eric Van Young, ed., *Mexico's Regions: Comparative History and Development* (San Diego: Center for U.S.-Mexican Studies, University of California, 1992); **Romana Falcon**, "Charisma, Tradition, and Caciquismo: Revolution in San Luis Potosi," in Katz (fn. 17); as well as essays in **Brading** (fn. 17).

<sup>23</sup> According to one study, between 1964 and 1976 the PRI averaged over 70 percent of the vote in highly urbanized areas, while its averages in rural areas exceeded 90 percent of the vote. **Leopoldo Gomez**, "Elections, Legitimacy, and Political Change in Mexico, 1977-1988" (Ph.D. diss., Georgetown University, 1991), 242.

TABLE 2  
ELECTORAL SUPPORT FOR THE PRI BY LEVEL OF URBANIZATION

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

SOURCE: Joseph L. Klesner, "Realignment or Dealignment? Consequences of Economic Crisis and Restructuring for the Mexican Party System," in Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas, eds., *The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico* (San Diego: Center for U.S.-Mexican Studies, University of California, 1994), 165.

national elections became more competitive and the party faced growing electoral challenges in metropolitan areas.

The PRI's electoral support has been strongly correlated with indicators of ruralness, primary production, and illiteracy, and negatively correlated with indicators of urbanization, education, and occupations characteristic of the metropolitan economy. (See Table 3.) In spite of the party's historic role as an incorporator of working classes and a transformer of the metropolitan political economy, rural Mexico, in the words of one observer, "has been the PRI's bastion for six decades."<sup>24</sup> Furthermore, these trends increased as decades of stabilizing development changed the country's demographic and social structures. Ironically, the PRI's metropolitan constituencies, which were vital supporters and beneficiaries of the party's economic development policies, played an ever decreasing role in the generation of electoral majorities for the PRI.<sup>25</sup>

Populist leaders in Argentina and Mexico thus solved the problems of governance by bringing two distinctive subcoalitions together under one movement. In their founding periods, they succeeded in exploiting the two dominant lines of cleavage in national politics, class and region, and made both lines of cleavage the organizing principles of their national coalitional structures. Pact making between classes permitted Peronism and the PRI to seize the initiative in the transformation of the national political economy. Pact making between regions permitted

<sup>24</sup> Joseph L. Klesner, "Realignment or Dealignment? Consequences of Economic Crisis and Restructuring for the Mexican Party System," in Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas, eds., *The Politics of Economic Restructuring: State-Society Relations and Regime Change in Mexico* (San Diego: Center for U.S.-Mexican Studies, University of California, 1994), 164.

<sup>25</sup> A multiple regression analysis carried out by Joseph Klesner from the same database in the above-cited study confirms the tendencies shown in Tables 2 and 3, particularly with regard to the impact of industrialization, urbanization, and education on the PRI vote. See Klesner (fn. 24), 170.

TABLE 3  
CORRELATIONS BETWEEN ELECTORAL SUPPORT FOR THE PRI AND  
SELECTED SOCIOECONOMIC VARIABLES<sup>a</sup>

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

SOURCE: Joseph L. Klesner, "Realignment or Dealignment?" Consequences of Economic Crisis and Restructuring for the Mexican Party System," in Maria Lorena Cook, Kevin J. Middlebrook, and Juan Molinar Horcasitas, eds., *The Politics Of Economic Restructuring: State-Society Relations and Regime Change in Mexico* (San Diego: Center for U.S.-Mexican Studies, University of California, 1994), 163.

<sup>a</sup>Range of N=159-290 federal districts. All correlations significant at the .001 level.

<sup>b</sup>EAP=Economically active population.

them to constitute themselves as national governing parties.<sup>26</sup> The contrasting social and political contexts in both subcoalitions also created very different local electoral situations. The populist parties' links to traditional and clientelistic power structures in the periphery made them electoral bastions, and the populist coalitions drew support from all social strata. In the more diverse metropolitan regions, the populist coalitions mobilized relatively fewer votes, had more organizational links to working and popular classes, and would become more vulnerable electorally to the effects of social change and organized political opposition.

### INTERNATIONAL AND DOMESTIC CAUSES OF THE CURRENT TRANSFORMATIONS OF PERONISM AND THE PRI

Pressures from global and domestic socioeconomic change converged and prompted major policy and coalitional shifts by the PRI and the Peronist party in the 1980s. Just as the crisis of the global economy in the 1930s led to the adoption of developmentalist economic policies and to the ascendance of populist coalitions, the global reorganization

<sup>26</sup> Although exploring the issue further is beyond the scope of this essay, it might be suggested that this successful institutional fusion of metropolitan and peripheral coalitions is one factor that distinguishes Peronism and the PRI from Varguismo in Brazil and might account for the greater endurance and cohesion of the former two cases.

of production and capital and the debt crisis of the 1980s signaled the beginning of the end for developmentalism and its support coalitions in Mexico and Argentina. The free-market policy reorientation was led in both countries by their historic populist parties. It also fell to these parties to restructure the populist coalitions that had undergirded decades of developmentalist policies.

But while international economic change drove the turn toward free-market development, the coalitional changes pushed by the PRI and Peronism also had a domestic electoral logic of their own. Even before the global economy put pressure on domestic policymakers, the populist electoral coalitions had been running out of steam. Much of this was due to secular changes in their countries' demographic and occupational structures. Rural to urban migration since the 1950s and 1960s had eroded the peripheral coalitions' electoral weight. The shrinking of the rural electorate was accompanied by changes in the demographic and occupational structures of the countries' metropolitan regions, notably the expansion of social sectors not linked to populist parties or state-controlled corporatist structures that had mobilized votes for the populist metropolitan coalitions.<sup>27</sup> In cities the expansion of populations employed in service activities, informal sectors, and white-collar occupations meant the expansion of a middle stratum of voters that had been most resistant to electoral mobilization by the populist parties' urban "pillars" in the labor movement and corporatist organizations. In effect, decades of social change and economic crisis had produced, in both countries, decline or stagnation in the electoral bastions of Peronism and the PRI, and significant growth in the social categories most negatively associated with populist party vote.<sup>28</sup>

<sup>27</sup> For studies on Mexico's changing social and occupational structure, see Emma Liliana Navarrete and Marta G. Vera Bolaños, eds., *Población y Sociedad* (Toluca, Mexico: El Colegio Mexiquense, 1994); Brigida García, *Desarrollo económico y absorción de fuerza de trabajo en México, 1950-1980* (Mexico City: El Colegio de Mexico, 1988); and Gloria Vázquez Rangel and Jesús Ramírez López, *Marginación y pobreza en México* (Mexico City: Editorial Ariel, 1995). For Argentina, see Susana Torrado, *Estructura social de la Argentina, 1945-1983* (Buenos Aires: Ediciones de la Flor, 1992); José Nun, "Cambios en la estructura social de la Argentina," in José Nun and Juan Carlos Portantiero, eds., *Ensayos sobre la transición democrática en la Argentina* (Buenos Aires: Puntosur, 1987); Hector Palomino, *Cambios ocupacionales y sociales en la Argentina, 1947-1985* (Buenos Aires: CISEA, 1987); and Alberto Minujin, et al., eds., *Cuesta abajo: Los nuevos pobres: Efectos de la crisis en la sociedad argentina* (Buenos Aires: Editorial Losada, 1992).

<sup>28</sup> Studies on Mexico analyzing the effect of social and demographic change on party vote include Juan Molinar Horcasitas, *El tiempo de la legitimidad* (Mexico City: Cal y Arena, 1992); Joseph Klesner, "Modernization, Economic Crisis, and Electoral Alignment in Mexico," *Mexican Studies/Estudios Mexicanos* 9 (Summer 1993); and Gómez (fn. 23). I deal with the impact of social and demographic change on Argentine electoral politics during the 1980s and 1990s in Edward L. Gibson, *Class and Conservative Parties: Argentina in Comparative Perspective* (Baltimore: Johns Hopkins University Press, 1996).

These secular trends made themselves felt in the populist parties' electoral performance, producing a declining trend in electoral support for the PRI and an electoral stagnation for the Peronist party. In Mexico the PRI lost its electoral majorities in urban areas in the 1980s, and while it maintained its majorities in rural areas, these too were on the decline (see Table 2). Meanwhile, party opposition grew by leaps and bounds, supported largely by middle and upper strata in the metropolitan regions.<sup>29</sup> The 1988 presidential elections put the PRI's electoral crisis into bold relief. It was able to claim the slimmest of victory margins only after major electoral irregularities and denunciations of fraud by the opposition. It was quite clear by this time that the PRI was on the verge of losing not only its hegemonic status but also its ability to generate bare electoral majorities.

In Argentina the presidential elections of 1983 resulted in Peronism's first electoral defeat. This event signaled the end of the iron law of Argentine elections, which assumed Peronist victories in freely held elections. A variety of circumstantial factors contributed to this defeat, but the secular trends discussed above played an important part. The peripheral coalition's contribution to the total national vote of the party declined noticeably from the 1973 election and has remained at this new level ever since.<sup>30</sup> This was compounded by the party's poor performance in the metropolitan regions, which demonstrated a clear aversion by affluent voters to the electoral campaign mobilized by the party's labor supporters.<sup>31</sup> The 1989 Peronist electoral victory, which took place amid a profound hyperinflationary crisis, appeared to signal a revival of the classic Peronist coalition. This, however, was to be the last flexing of its populist muscle. Thereafter it would be dramatically restructured.

<sup>29</sup> See Klesner (fn. 29); Molinar Horcasitas (fn. 28); and Yemile Mizrahi, "A New Conservative Opposition in Mexico: The Politics of Entrepreneurs in Chihuahua (1983-1992)" (Ph.D. diss., University of California, Berkeley, 1994).

<sup>30</sup> One measure of this tendency is the proportion of votes received by Peronism from the country's less developed provinces, calculated here as all provinces and districts excluding Buenos Aires province, the Federal District, Córdoba, Santa Fe, and Mendoza. After 1973 this proportion declined. Since 1946 the poorest provinces provided the following proportion of Peronist total votes: 1946, 23 percent; 1951, 30 percent; 1973, 37 percent; 1983, 27 percent; 1989, 28 percent; 1995, 27 percent. Percentages for 1946-73 were taken from Mora y Araujo (fn. 13). Percentages for 1983-95 were calculated from official election results.

<sup>31</sup> In one key urban district, the city of Buenos Aires, the 1983 election results constituted a sharp acceleration of a declining trend of support for the Peronist party. The following election totals for the party detail this trend: 1946 presidential elections, 53 percent; 1954 congressional elections, 54 percent; 1973 presidential elections, 37 percent; 1983 presidential elections, 27 percent. Luis Gonzales Esteves and Ignacio Llorente, "Elecciones y preferencial políticas en Capital Federal y Gran Buenos Aires: El 30 de Octubre de 1983," in Natalio Botana et al., eds., *La Argentina Electoral* (Buenos Aires: Editorial Sudamericana, 1985).



The combined effects of international economic pressure and domestic social change placed strains on the policy-making and electoral capabilities of Peronism and the *PRC*. It is thus useful to understand the current restructuring of the populist coalitions in light of both these dimensions. Global economic pressures produced a clear policy-making logic to the recrafting of populist coalitions: to identify the beneficiaries of neoliberal reform and mobilize them in support of a new economic model. But this recrafting also had an electoral logic: to adapt the populist coalitions to long-term social changes and render them electorally viable in new contexts of social heterogeneity and urbanization of politics. The need to establish new social bases of support for free-market development converged with the need to build new electoral coalitions for populist parties in decline.

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

## RECASTING THE METROPOLITAN COALITION

### BUSINESS AND LABOR IN THE REMAKING OF POPULIST POLICY COALITIONS

Populist leaders had used the power of the state to forge new social coalitions at the start of the developmentalist age in the 1930s and 1940s. They would do so again at the start of the neoliberal age in the 1980s and 1990s. The recasting of the populist policy coalition in metropolitan regions involved the use of state power to reward winners and neutralize losers, to forge alliances with new constituencies, and to rearrange relations with old constituencies. It also involved the opening of new channels of access to policymakers for the coalition's new social protagonists and the dismantling of the institutional structures that had linked old constituencies to the decision-making process. At a general level, it can be asserted that these changes shifted the balance of power within the policy coalition away from labor and toward business.

However, if this were the only dimension, then it would merely be a continuation of the decades-long pattern whereby business interests in the pursuit of developmentalist policies have prevailed over those of labor. The objectives pursued in the 1980s and 1990s were more nuanced and institutionally discontinuous. They were more nuanced because they involved the selection of winners within both business and labor—the more concentrated and internationally competitive sectors of business and those parts of the labor movement that were linked to those sectors and were able to gain economic and political benefits from the decentralization of the labor movement and the flexibilization of industry-labor relations.<sup>32</sup> They were institutionally discontinuous because they involved the dismantling of legal, regulatory, and financial frameworks that for decades had undergirded the labor movement's institutional power.

In both Mexico and Argentina the plan toward business involved the building of a new strategic relationship with the most diversified, concentrated, and internationally competitive sectors of business. Ties to domestically oriented industrialists and nondiversified, single-sector firms—the traditional business supporters of populist coalitions—were weakened. Corporatist organizations that had traditionally linked them to state decision makers were marginalized in favor of new institutional channels or direct state-firm links for the beneficiaries of economic reform.

From the beginning of their administrations, Presidents Salinas and Menem actively courted leaders of major business firms for the new economic models being pursued.<sup>33</sup> The presidents affirmed publicly the importance of large-scale modern entrepreneurs, with their links to foreign capital and technology. Political cooperation in the formulation and implementation of economic policy between populist-controlled governments and big business reached new heights. In Mexico, access to state policymakers by leaders of large business and financial concerns

<sup>32</sup> On the “modernization” of sectors of the Mexican labor movement and its role in President Salinas's coalition-building strategies, see Ilán Bizberg, “Reestructuración productiva y transformación del modelo de relaciones industriales: 1988-1994,” *Foro Internacional*, no. 143-144 (January-June, 1996). The different strategies of adaptation by sectors of the Argentine labor movement to President Menem's reform policies are analyzed by María Victoria Murillo in “Organizational Autonomy and the Marketization of Corporatism,” in Douglas Chalmers et al., eds., *The New Politics of Inequality in Latin America: Rethinking Participation and Representation* (New York: Oxford University Press, 1997).

<sup>33</sup> During his presidential campaign, Peronist candidate Carlos Menem was somewhat discrete about his overtures toward business. His discretion, however, was not shared by candidate Salinas during his own presidential campaign. Salinas openly courted big business during the campaign, reportedly meeting with the largest entrepreneurs in every state he visited. See Carlos Elizondo, “Privatizing the PRI? Shifts in the Business-PM Relationship” (Manuscript, CIDE, Mexico City, March 1994).

was greatly enhanced during the Salinas period. Collaboration between business and state elites in the design of economic policy "became unprecedentedly tight, fluid, and public."<sup>34</sup> During his first year in office Argentine President Carlos Menem went so far as to give control of the Ministry of Economy to executives of the Bunge y Born corporation. This move went beyond the Peronist corporatist tradition, whereby key ministries and secretariats were occasionally assigned to representatives of the sectors they oversaw. Bunge y Born was the country's only multinational corporation and Peronism's most truculent adversary in the business community. The appointment of Bunge y Born executives to the high command of the Ministry of the Economy, along with the appointment of conservative leaders to other policy-making positions, signaled an important coalitional shift by the Peronist government toward historically non-Peronist business constituencies. It also marked a shift in the institutional forms of linkage between the state and business, displacing traditional links in favor of direct interaction between state policymakers and large business firms.<sup>35</sup>

Beyond these political links to the business community, populist governments also provided powerful material incentives for their newfound constituencies. The liberalization of financial systems and the opening of the domestic market created major economic opportunities for competitive firms and financial groups. The widescale privatization of state-owned enterprises favored domestic entrepreneurs with access to large amounts of capital and accelerated the process of economic concentration.<sup>36</sup> Privileged economic actors tapped for political support by populist governments thus saw their economic leverage expand during this period.<sup>37</sup>

<sup>34</sup> Blanca Heredia, "State-Business Relations in Contemporary Mexico," in Monica Serrano and Victor Bulmer-Thomas, eds., *Rebuilding the State: Mexico after Salinas* (London: The Institute of Latin American Studies, University of London, 1996).

<sup>35</sup> As Carlos Acuña notes, "Immediately upon taking office, the new minister of economy reached agreements with 350 leading firms to stabilize prices in exchange for maintaining stable public-sector prices and tariffs, as well as interest and exchange rates. These agreements bypassed entrepreneurial representatives." Acuña, "Politics and Economics in the Argentina of the Nineties (Or, Why the Future No Longer Is What It Used to Be)," in William C. Smith, Carlos H. Acuña, and Eduardo Gamarra, eds., *Democracy, Markets, and Structural Reform in Latin America* (Miami: University of Miami, North-South Center, 1994), 39.

<sup>36</sup> In Mexico it is estimated that the privatization of parastatal enterprises fostered the creation of at least fifty big economic *grupos*. See Yemile Mizrahi, "Recasting Business-Government Relations in Mexico: The Emergence of Panista Entrepreneurs," Working Paper, no. 29 (CIDE, Division de Estudios Políticos, 1995). For a journalistic analysis of the consolidation of economic conglomerates in Argentina during the Menem period, see Luis Majul, *Los dueños de la Argentina* (Buenos Aires: Editorial Sudamericana, 1992).

<sup>37</sup> For a discussion of the uses of market reform for constituency formation and political coalition building, see Hector Schamis, "Re-forming the State: The Politics of Privatization in Chile and Great Britain" (Ph.D. diss., Columbia University, 1994).

The co-optation and strengthening of big business was accompanied by the division of labor and the weakening of its institutional and economic power. In the economic realm, the governments' reforms sought to reduce labor costs and neutralize labor obstacles to marketization. The measures signaled an end to decades-long populist commitments to maintain employment and wage levels and to use state power to bolster labor's bargaining position in the labor market and political arena.<sup>38</sup> In both countries, decrees and legislation were passed restricting the right to strike, decentralizing collective bargaining, limiting wage hikes, and flexibilizing hiring and firing practices in the private sector. The selling-off of state-owned enterprises, which eliminated tens of thousands of jobs in each country, also marked an end to populist commitment to full employment and job security. The reforms also sought to curtail the labor movement's organizational and financial power in measures ranging from the imprisonment of prominent union leaders in Mexico to the restriction of labor control over vast pension plans and social security programs in Argentina.<sup>39</sup>

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

<sup>38</sup> Weak as this commitment might have seemed in Mexico, especially after the conservative turn of government policy after the Cárdenas period, government policies did nevertheless ensure that real wages for labor rose steadily for labor from the 1950s to the late 1970s. See Esthela Gutiérrez Garza, "De la relación salarial monopolista a la flexibilidad del trabajo, Mexico 1960-1986," in Esthela Gutiérrez Garza, ed., *La crisis del estado del bienestar, vol. 2* of *Testimonios de la crisis* (Mexico City: Siglo XXI Editores, 1988), 146-54. In the 1980s, however, this objective changed. Average wages in manufacturing plummeted 38 percent between 1982 and 1985 and continued their downward trend after that. The urban minimum wage fell nearly 46 percent during President De la Madrid's sexenio. Ruth Berins Collier (fn. 2), 105.

<sup>39</sup> For a discussion of the institutional changes in state labor relations made by the Salinas administration in Mexico, see Enrique de la Garza Toledo, "The Restructuring of State-Labor Relations in Mexico," in Cook, Middlebrook, and Molinar Horcasitas (fn. 25). James McGuire analyzes Menem's labor reforms in Argentina in *Peronism without Perón: Unions, Parties, and Democracy in Argentina* (Stanford: Stanford University Press, forthcoming, 1997), chap. 8.

reform process. These unions tended to be in the more competitive industrial and export-oriented sectors of the economy. In these sectors a new unionism emerged, which emphasized firm-level industry-labor collaboration, worker ownership of stock in privatized firms, and the decentralization of employer-worker negotiations. Their leaders were often rewarded with government positions or were visible interlocutors with state officials in the reform process.<sup>40</sup> The economic and institutional arrangements in the new policy coalition gave clear preference to the larger and internationally competitive sectors of business. However, those labor sectors that could take advantage of economic opportunities offered by policy reforms as well as political opportunities provided by cooperation with the executive, were integrated into the new populist policy coalition.

#### TECHNOCRATS AND PERIPHERAL COALITION POLITICIANS IN THE RECASTING OF THE METROPOLITAN COALITION

With the restructuring of the business and labor components of their metropolitan policy coalitions, Peronism and the PRI established new bases of support for market reform. But in the process they reversed the social pact with key metropolitan constituencies, which had been a bedrock of populist governance. In the interim, this reversal could be accomplished by relying on sectors outside the metropolitan coalition. In both Mexico and Argentina, peripheral coalition politicians and nonparty technocrats played key roles during the reform period. A much publicized displacement of traditional PRI politicians by technocrats within the Mexican state in the 1980s was crucial for reformers to change economic policy and recast the metropolitan policy coalition. To an extent, this pattern was repeated by Menem in Argentina. Throughout his administration, the key economic policy-making institutions were assigned to non-Peronists. The Ministry of the Economy was first assigned to Bunge y Born executives, then briefly to Erman Gonzalez, a close collaborator of Menem during his years as governor of the remote La Rioja province, and finally to Domingo Cavallo, a non-Peronist technocrat with well established neoliberal credentials. The Central Bank was also assigned to non-Peronist conservative technocrats.

Menem's background as governor of a poor province in the interior of the country also permitted him to rely on leaders, supporters, and

<sup>40</sup> In Mexico this also led to the formation of a new union grouping of the "modern" sectors of the labor movement, the *Federación de Sindicatos de Empresas de Bienes y Servicios* (Fesebes) that took a prominent role supporting government-led reforms. See Bizberg (fn. 32).

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

The peripheral coalition in Mexico was also vital to Presidents de la Madrid and Salinas as they went about restructuring the metropolitan coalition. Their most important contribution was electoral. As the PRI continued to take a beating in metropolitan regions, the peripheral coalition continued to deliver consistent, albeit decreasing electoral majorities throughout the country. These majorities were enough to counter the losses suffered by the party in urban areas and to deliver the presidency to the ruling party. The peripheral coalition also ensured continued PRI dominance over local politics in many parts of the country. Tensions between technocratic elites in the executive branch and the PRI's traditional politicians running the peripheral coalition were very real in Mexico, as they were in Argentina. However, a marriage of convenience was sustained by the interest of both groups in holding on to their quota of state power. It provided an unlikely alliance between internationalized technocrats and parochial politicians that saw the reform process through.

### MAKING THE METROPOLITAN COALITION ELECTORALLY VIABLE

The neoliberal reformers in Mexico and Argentina were state elites seeking governability for their economic reform programs, but they were also party leaders concerned with the long-term viability of their parties in the postreform period. The clock was ticking on the peripheral coalition's ability to deliver national majorities. New constituencies in the countries' most developed regions had to be built if Peronism and the PRI were to remain competitive in the postdevelopmentalist era. An updating of the metropolitan coalitions was thus pursued by leaders of these parties in the late 1980s and early 1990s. In essence, this meant replacing the mobilizational power of labor with the financial power of business as the foundation of the metropolitan coalition's electoral organization. The populist parties also needed to organize a new mass base among contested urban constituencies. These included middle and upper-middle sectors that lay outside the corporatist system and the

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

Party leaders sought to make effective in the electoral realm the coalitional changes wrought in previous years in the policy realm. Business, now a vital member of the policy coalition, was thus organized as a core constituency in the metropolitan electoral coalition. Both PRI and Peronist leaders aggressively courted business support for the parties' electoral campaigns. In Mexico this process advanced the furthest, for it involved not only the mobilization of financial support but also the opening of formal links between the party and business. Business had historically been excluded from representation in the party's corporatist organization and, at least formally, from the party's campaign activities. In spite of business's privileged access to state institutions, one major legacy of the revolutionary period was the norm of the illegitimacy of business participation in ruling-party politics. This changed quickly during the Salinas period. Party finance committees, which included prominent entrepreneurs as members, were established. As part of his dealings with business beneficiaries of his government's economic policies, President Salinas actively sought their financial support for the ruling party's campaign operations.<sup>41</sup> At the regional level, business also began to play a more prominent role in the financing of local PRI campaigns, as increasingly competitive local contests compelled local leaders to become more autonomous in the financing and organizing of electoral campaigns.<sup>42</sup>

PRI campaign leaders also tapped the business's power to mobilize. Seeking to renovate the party's image in key urban regions, the PRI often imposed new candidates on local party officials. Many of these candidates were well-known local business leaders. According to one report, 17 percent of PRI candidates in the 1991 midterm elections came from the business community.<sup>43</sup> In the 1994 presidential campaign, committees of local entrepreneurs organized by the PRI, known as *Células Empresariales*, were established throughout the country. The *Células* mobilized support for the PRI presidential candidate in the

<sup>41</sup> The most notorious incident was the president's "request" at a gala dinner for business leaders for \$25 million in campaign contributions from the participants for the PRI. See Lorenzo Meyer, "El PRI se abre a la inversión privada: Auténtica elite de poder," *Excelsior*, March 4, 1993. See also Tim Golden, "Mexican Leader Asks Executives to Give Party \$25 Million Each," *New York Times*, March 9, 1993, p. 1.

<sup>42</sup> Salvador Mikel, national PRI deputy for the state of Veracruz, interview by author, Mexico City, February 4, 1995.

<sup>43</sup> Fernando Ortega Pizarro, "Los empresarios, poderosa fuerza en el PRI, aunque no sean sector," *Proceso* 800, March 2, 1992, p. 21.

business community, identified entrepreneurs for recruitment into the **PRI**, and generated funds for local **campaigns**.<sup>44</sup> The Ctlulas tapped local business of all sizes, but made special appeals to small- and medium-sized sectors that had been actively courted by the **PRI's** party rivals, the conservative Partido **Acción Nacional** (**PAN**) and the center-left Partido de la **Revolución Democrática** (**PRD**). As such, they gave the party an organizational device for luring these constituencies away from the opposition, as well as a wedge into the urban middle classes where the party's organized presence was weak.

The now open relationship with business was accompanied by the restructuring of the party's relationship to its mass base. The operative term for party reformers during this period was "desectoralization," which meant a move away from reliance on the party's **sectoral** organizations, particularly its labor sector, in the mobilization of the urban vote. It also meant a stress on the party's territorial organization, neighborhood-level organizations, and media **campaigns**.<sup>45</sup> Under President Salinas, the circumvention of **sectoral** organizations and traditional party leaders was given further impetus by the creation of a new national antipoverty program with strong electoral dimensions, the **Programa Nacional de Solidaridad** (**PRONASOL**). There has been much debate about **PRONASOL's** political and electoral impact, but it formed a key part of the **PRI's** strategy for recapturing the urban vote in key electoral **districts**.<sup>46</sup> **PRONASOL** provided a combination of pork barrel, lead-

"The **Células Empresariales** were established by collaborators in Luis **Donaldo Colosio's** campaign. After his assassination, they formed part of **Ernesto Zedillo's** campaign. Details on the strategy behind the organization of the **Células Empresariales** are provided by Antonio Arguelles, one of the chief **PRI** organizers of the **Células**, in "Las **células empresariales** en la **campaña de Ernesto Zedillo**," in Antonio Arguelles and Manuel Via, eds., *México: El voto por la democracia* (Mexico City:-Grupo Editorial Miguel Angel Porrua, 1994). The political organizers of the **Células** maintain that these were organized strictly for mobilizing political support and establishing communication between local entrepreneurs and the party's presidential candidate, not to mobilize financial support; Luis Antonio Arguelles and Marco Antonio **Bernal**, interviews with the author, Mexico City, February 4 and 5, 1995. However, Roberto **Campa**, a top party leader in Mexico City, **affirmed** that these were also important devices for raising funds from the local business community; Roberto **Campa**, interview with author, Mexico City, June 8, 1995. Journalist **Andrés** Oppenheimer also describes the importance of the **células** for **PRI** fundraising in *Bordering on Chaos: Guerrillas, Stockbrokers, Politicians, and Mexico's Road to Prosperity* (Boston: Little, Brown, 1996).

<sup>45</sup> This new emphasis away from **sectoral** organization was asserted officially by party leaders at the landmark **XIVth** National Assembly of the **PRI** in September 1990. For an analysis of the results of the **XIVth** assembly, see John Bailey, Denise Dresser, and **Leopoldo Gómez**, "XIV Asamblea del **PRI**: Balance Preliminar," *La Jornada*, September 26, 1990.

<sup>46</sup> **Campa** (fn. 44). An edited volume devoted entirely to this subject is *Transforming State-Society Relations in Mexico: The National Solidarity Strategy*, ed. W. Cornelius, A. Craig, and J. Fox (San Diego: Center for U.S.-Mexican Studies, University of California, 1992). In their article in this volume, "Electoral Determinants and Consequences of National Solidarity," Juan Molinar Horcasitas and Jeffrey **Weldon** show a strong electoral bias to **PRONASOL** expenditures and a marked impact on electoral outcomes in key electoral districts. For a recent study questioning the electoral impact of



ership recruitment, and vote-getting resources in contested urban districts that, in some cases, stemmed the party's slide and, in others, permitted it to recapture majorities back from opposition parties.<sup>47</sup>

After 1988 the PRI managed to recover many of the losses suffered that year. Its metropolitan coalition in particular seemed to have been reinvigorated in subsequent elections. While the peripheral coalition continued to deliver solid majorities in 1991, the PRI's average vote total in urban areas increased significantly over 1988 (see Table 2). In the 1994 presidential elections, the party retained its hold on the metropolitan vote. In the urbanized central region of the country, the PRI's presidential campaign mobilized close to 50 percent of the vote-up from around 37 percent in 1988.<sup>48</sup> Similar results were registered in the advanced northern regions, where the PAN was strongest.<sup>49</sup> The 1994 election results also indicated that the PRI's appeals to privileged voters seemed to be bearing fruit. Exit polls showed the PRI running evenly with the PAN among well-educated and affluent voters, while at the same time winning overwhelmingly at the bottom of the social ladder.<sup>50</sup> While retaining a mass base that overwhelmed its opponents, the PRI in 1994 also mobilized substantial electoral support from affluent sectors of Mexican society.

In Argentina the building of business support for the Peronist party was reflected in close collaborative relationships between key entrepreneurs and top party officials and by the organization of party campaign-finance committees sponsored by prominent members of the business community. The main strategy for building new support among urban upper and upper-middle sectors was evidenced in the party's alliance with local conservative parties. By the late 1980s these parties commanded over 20 percent of the vote in the pivotal city of

PRONASOL, see Kathleen Bruhn, "Social Spending and Political Support: The 'Lessons' of the National Solidarity Program in Mexico," *Comparative Politics* 28 (January 1996).

<sup>47</sup> As Paul Haber notes, PRONASOL was instrumental in eroding organizational and electoral gains by the PRD in Durango and other electoral districts. Haber, "Political Change in Durango: The Role of National Solidarity," in Cornelius, Craig, and Fox (fn. 46).

<sup>48</sup> Federico Estevez, *Instituto Tecnológico Autónomo de México*. Electoral data from research in progress.

<sup>49</sup> Joseph Klesner, "The 1994 Mexican Elections: Manifestation of a Divided Society?" *Mexican Studies/Estudios Mexicanos* 11 (Winter 1995). In this study Klesner also shows that, even with the PRI's urban advances, the peripheral and rural electoral bias displayed statistically in Tables 2 and 3 was maintained in 1994.

<sup>50</sup> Exit polls conducted by Mitofsky International, Inc. indicated that the PRI received 45 percent of the "wealthy" vote and 49 percent of the "high income" vote, compared to 44 percent and 33 percent respectively for the conservative PAN. However, at the bottom of the social ladder the PRI obtained 54 percent of the "below poverty level" vote as opposed to 25 percent for the PAN. Similarly, the exit polls indicated that the PRI captured 41 percent of voters with university education, compared to 36 percent for the PAN. For poll results, see *New York Times*, August 24, 1994, p. A4.

Buenos Aires and held the balance in several districts throughout the country. The parties ran joint candidates with the Peronist party in local elections or declared their support for Peronist candidates in national elections. In several cases conservative party leaders were absorbed outright into Peronist party ranks.<sup>51</sup>

During this period, the power of party leaders within the Peronist movement increased over leaders in corporatist organizations, marking a shift within the Peronist movement's historic internal division of power.<sup>52</sup> In metropolitan areas, new leaders from urban party organizations began to play a major role in organizing Peronist urban campaigns and running the Peronist party apparatus.<sup>53</sup> In a sense, this shift mirrored the PRI's shift from sectoral to territorial organization in the running of urban campaigns. It gave rise to new party leaders and organized channels for mobilizing electoral support, and displaced labor and functional organizations in the party's metropolitan electoral organization. After President Menem seized control of the Peronist party by becoming its chair in 1991, loyal politicians within the urban party organization provided him with an important base of support in his struggles with opponents in the Peronist movement.

The 1995 presidential elections gave the Peronist party a major electoral victory. President Menem won the election with nearly 50 percent of the vote. The Peronist party in 1995 won big throughout the country, but its highest vote totals were in the least developed provinces, and its most contested showings were in the major metropolitan areas.<sup>54</sup> Nevertheless, during the six-year presidency of Carlos Menem, the Peronist metropolitan coalition experienced considerable change, particularly the addition of upper and upper-middle class voters to its electoral ranks. Part of this shift is captured in the results of multiple regression analyses presented in Tables 4 and 5 for Buenos Aires, a

<sup>51</sup> See Gibson (fn. 28).

<sup>52</sup> Peronist party leaders usually played second fiddle to labor leaders and corporatist organization figures in the Peronist movement. See Ricardo Sidicaro, "¿Es posible la democracia en Argentina?" in Alain Rouquié, ed., *Argentina Hoy* (Buenos Aires: Siglo XXI Editores, 1985); and McGuire (fn. 39).

<sup>53</sup> One of these leaders, was Eduardo Duhalde, governor of the province of Buenos Aires. Formerly the mayor of the greater Buenos Aires municipality of Lomas de Zamora, he became Menem's vice-presidential running mate in 1989 and later won election as governor of Buenos Aires. In the 1995 presidential election, the Duhalde party machine in Buenos Aires was credited with orchestrating President Menem's electoral victories in the greater Buenos Aires region, bucking a general trend of urban electoral losses.

<sup>54</sup> The Peronist party's presidential percentage vote total in the twenty poorest provinces was 54 percent in 1995. In the four most economically advanced provinces it was 47 percent. In the country's four largest cities, the city of Buenos Aires, Córdoba, Rosario, and Mendoza, the party's average vote percentage was 38 percent.

TABLE 4

PERONIST ELECTORAL PERFORMANCE AND SELECTED SOCIOECONOMIC  
VARIABLES: PROVINCE OF BUENOS AIRES, PRESIDENTIAL ELECTION, 1995  
(MULTIPLE REGRESSION ANALYSIS)<sup>1</sup>

	<i>Regression Coefficient</i>	<i>Beta Coefficient</i>	<i>t-value</i>
Intercept	29.73		
Managers	.36	.17	1.2
Higher education	-.05	-.06	-0.8
Unemployed	-.66	-.27	-2.2 <sup>b</sup>
Retirees on pension	-.74	-.44	-4.2 <sup>c</sup>
Poverty	.31	.35	2.3 <sup>b</sup>
Self-employed	.39	.27	2.1 <sup>b</sup>
Employee/worker	.30	.35	1.8

<sup>1</sup>N=122 electoral countries. R-squared coefficient is .440. Dependent variable: Peronist party vote percentage, 1995. Independent variables from the 1990 census measured in percentages: managers = population employed as managers or owners of firms; higher education = population with postsecondary education; unemployed = population unemployed, retirees on pension = population collecting retirement pensions; poverty = population with unsatisfied basic material needs; self-employed = business operator or professional with no employees; employee/worker = salaried white- or blue-collar worker.

<sup>b</sup>Significant at the .05 level.

<sup>c</sup>Significant at the .001 level.

major metropolitan province. Table 4 measures the impact of selected sociodemographic variables on the Peronist party's electoral performance in 1995, while Table 5 measures the impact of the same variables on the party's growth between 1989 and 1995.

The results suggest two things about the Peronist party's shifting metropolitan coalition. Keeping with tradition, historically Peronist populations in the lower and lower-middle social strata had the strongest positive impact on the party's electoral performance in 1995, as evidenced particularly by the "poverty" and "self-employed" variables in Table 4. However, the party's growth between 1989 and 1995 (Table 5) was most positively affected by the high-social-status variables of "university education" and "managers."<sup>55</sup> The party's changing metropolitan social profile appeared to be moving in an increasingly discontinuous direction between 1989 and 1995. Its support was strongest at the bot-

<sup>55</sup> The negative coefficients registered for "retirees on pension" and "unemployment" in both tables reflect predictable costs to the governing party of fiscal adjustment in the metropolis. Unemployment, in particular, was a major issue during the electoral campaign, edging toward historically high levels of 20 percent in the first half of 1995.

**TABLE 5**  
**PERONIST PARTY GROWTH BETWEEN 1989 AND 1995 AND SELECTED**  
**SOCIOECONOMIC VARIABLES: PROVINCE OF BUENOS AIRES,**  
**PRESIDENTIAL ELECTIONS**  
**(MULTIPLE REGRESSION ANALYSIS)<sup>a</sup>**

	<i>Regression Coefficient</i>	<i>Beta Coefficient</i>	<i>t-value</i>
Intercept	-5.23		
Managers	.79	.31	2.0 <sup>b</sup>
Higher education	.22	.24	2.3 <sup>b</sup>
Unemployed	-1.45	-.49	-3.5 <sup>c</sup>
Retirees on pension	-1.12	-.53	-4.5 <sup>c</sup>
Poverty	.03	.03	0.2
Self-employed	.30	.17	1.2
Employee/worker	.20	.18	0.8

<sup>a</sup>N=122 electoral counties. R-squared coefficient is .282. Dependent variable: Peronist party vote percentage change between 1989 and 1995.

<sup>b</sup>Significant at the .05 level.

<sup>c</sup>Significant at the .001 level.

tom and the top of the social ladder, and weakest in between, suggesting a possible displacement of the old working-class-based electoral coalition by one with distinctively popular-conservative markings.

#### CONCLUSION

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

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

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

The regional division of policy and electoral tasks was determined by the markedly different social characteristics of the metropolitan and peripheral regions, as well as by the social and demographic importance of the latter regions. This pattern appears to have been reproduced in other experiences of reformist or populist-party coalition building in contexts of underdevelopment. It also sheds light on the factors limiting the reformist potential of populist and center-left parties in developing countries or contexts of marked regional economic imbalances. Such parties must reconcile their drive for social change with their need for political order and support throughout the national territory. Disparities in socioeconomic development between regions render it almost inevitable for national parties, regardless of their transformative policy orientations, to enter into a pact with the forces of tradition that can guarantee order and political support in the territories they control. If these territories lie outside the reach of the original transformative agenda of the reformist parties, so much the better. If not, the pact itself will set clear geographic limits to that agenda. The Democratic Party coalition in the United States in the 1930s, which linked labor and progressive northern constituencies to a southern segregationist plantocracy, gave the Democratic Party a national electoral reach while placing the American South off-limits to the progressive agenda of New Deal policies.<sup>56</sup> Similarly, the Congress Party of India, and the center-left SLFP-led coalition in Sri Lanka, were unions of policy and electoral coalitions that were regionally differentiated and unevenly affected by the reformist economic policies pursued by the central government.

<sup>56</sup> For an analysis of the regional bargain involved in the New Deal, as well as of other effects of regionalism on U.S. national politics, see Robert F. Benschel, *Sectionalism in American Political Development: 1880-1980* (Madison: University of Wisconsin Press, 1984).

The more recent experiences of free-market reform, however, suggest that the relationship between coalitions does not render the party's social and policy orientations immutable. Quite the contrary, the coexistence of two functionally distinctive coalitions under one institutional umbrella can provide leaders with the resources and coalitional flexibility required for enacting major policy shifts. The dual dependence on policy and electoral coalitions by Peronism and the PRI placed limits on their original transformative potential, but it also created an internal balance of power that aided political leaders greatly during the reform periods of the late 1980s and early 1990s. In Mexico and Argentina the electoral leverage provided by the peripheral coalitions gave leaders a critical degree of autonomy from their old policy coalitions when they decided to pursue free-market reforms. The disruption caused by the recasting of the metropolitan policy coalition was countered by the stabilizing effect of the peripheral coalition's electoral weight. This situation in essence made the transitional costs of policy change sustainable in electoral terms. Similarly, in the case of Sri Lanka today, the once leftist governing coalition has relied on its peripheral coalition's electoral support while pursuing major free-market reforms against the resistance of its metropolitan **constituencies**.<sup>57</sup> Disaggregating the functional and territorial components of coalition building is thus important not only for an accurate historical understanding of the origins and evolution of populist parties, but also for a more **nuanced** understanding of the coalitional dynamics at play when such parties undertake market-oriented economic reforms.

Regarding the specific evolution of Peronism and the PRI, certain trends in their historic subcoalitions might be highlighted. In the metropolitan coalition one visible development has been a new political incorporation of business. Business politics has become a new coalitional "fulcrum" in this period of political and economic realignment, and this development has reshaped both the policy and electoral dimensions of its political action.<sup>58</sup>

At the policy level, business, which for decades had been a favored interlocutor in the state's relations with social groups, now finds itself in a prominent and more autonomous role. It is less fettered, in its deal-

<sup>57</sup> For an analysis of the Sri Lankan case, which adopts the analytical framework presented in this essay, see Mick Moore, "Leading the Left to the Right: Populist Coalitions and Economic Reform," *World Development* 25 (July 1997).

<sup>58</sup> In its institutional and political consequences, this might be seen as a historical sequel to Collier and Collier's portrayal of labor politics as a coalitional "fulcrum" in twentieth-century Latin American politics. Collier and Collier (fn. 2), 40.

ings with populist-controlled governments, by a corporatist balance of power that once forced it to negotiate with a centralized and politically integrated labor movement. At the electoral level, business now finds itself openly drawn into party politics, an arena that until recently it had avoided. In both Mexico and Argentina the relationship between business and political parties has become open, and populist parties are vigorous contenders for the electoral support of the propertied and socially privileged. This may portend, as a political sequel to the economic reform process, a "popular conservative" future for Peronism and the PRI as they organize for political competition in the neoliberal era. If so, it would still be a struggle to be won. Opposition parties, such as Mexico's PAN, may well thwart the PRI's overtures to the business community,<sup>59</sup> and resistance within Peronism and the PRI to the social conservatization of their metropolitan constituencies threaten its development at every turn.

Another issue relates to the changing relationship between the metropolitan and peripheral coalitions. Tensions between the parties along regional lines are likely to increase as the reform process shifts resources and power between regional leaders and constituencies. The declining electoral weight of the peripheral coalitions and the modernization and urbanization of Mexican and Argentine societies suggest that the division of functional tasks between regional constituencies will decline in the future.<sup>60</sup> The restructuring of the metropolitan coalition and the shifting of electoral tasks to the parties' metropolitan constituencies and political organization will undoubtedly spark important internal power struggles as peripheral coalition members strive to hold on to their declining shares of power.

In addition, tensions between the peripheral coalition and the populist parties' free-market policy orientations are likely to wrack both parties in the years to come. Although this essay has focused on conflicts between the parties and their metropolitan constituencies, it should be stressed that tensions between party leaders and the peripheral coalition over market reform also exist. In Argentina the interior provinces have historically been the most dependent on central government subsidies

<sup>59</sup> The economic crisis unleashed by the December 1994 devaluation in Mexico certainly increases the possibilities that the PAN will erode privileged strata support for the PRI.

<sup>60</sup> In Argentina this trend can be expected to accelerate as a result of the 1994 reform of the national constitution. Under the old constitution the provinces of the interior of the country were **overrepresented** in national elections because of the regional apportionment of votes in the national electoral college. With the abolition of the electoral college, the peripheral coalition's electoral weight in presidential elections will more closely reflect its actual population size.

and were spared the more ravaging effects of fiscal adjustment during President **Menem's** first term.<sup>61</sup> During his second term they will face a harsh period of adjustment imposed by the central government.<sup>62</sup> In Mexico the peripheral coalition forms a powerful bastion of opposition to further economic reform and political democratization. PRI "dinosaurs" are strongly entrenched in the peripheral coalition, and conflicts between them and PRI elites in the presidency have been a powerful source of disharmony in the party. The temporary alliance between technocrats and peripheral-coalition politicians, which access to state power helped to maintain, cannot be expected to last indefinitely. In both Mexico and Argentina, continued conflicts between them will shape the evolution of populism well into the postdevelopmentalist era.

<sup>61</sup> Edward L. Gibson and **Ernesto Calvo**, "Electoral Coalitions and Market Reforms: Evidence from Argentina" (Manuscript, Northwestern University, December 1996).

<sup>62</sup> The **Menem** economic team's "Second Reform of the State," announced in late 1995, envisages a major fiscal reform for the country's provincial governments.