

Trading Away the Machine: The Political Consequences of Trade Liberalization in Developing Countries

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August 28, 2026

Abstract

Trade liberalization has caused a major relocation of manufacturing employment from developed to developing countries, yet we have little systematic evidence on how this transformation has affected the politics of the countries receiving these jobs. The conventional view on trade politics is that voters will reward or punish incumbents depending on how liberalization affects local economic conditions. However, I argue that this prediction is not generalizable because it does not capture the role of clientelism, which is a key mechanism through which developing-world incumbents mobilize support. I show that economic gains caused by trade can weaken incumbents by undermining their ability to mobilize voters through state-sponsored clientelism. A positive export shock that increases wages and creates new employment opportunities also reduces voters' economic dependence on the incumbent's clientelistic machines, which allows them to vote programmatically instead of supporting the incumbent. To test this argument, I examine the political consequences of the North American Free Trade Agreement (NAFTA) in Mexico under the PRI, an incumbent party that relied heavily on clientelism. I exploit geographic variation in NAFTA exposure using shift-share designs based on pre-NAFTA industrial specialization in manufacturing regions and crop suitability in agrarian communities. Results show that pro-regime parties lost significantly more support in regions that were more exposed to the post-NAFTA increase in Mexican exports. These regions also saw strong employment gains and lower enrollment in social welfare programs used for electoral mobilization. Moreover, the decline in pro-regime support is concentrated in highly clientelistic pro-government parties with a working-class voter base, a constituency that was both highly dependent on clientelism and disproportionately exposed to NAFTA-driven economic gains. These findings show that free trade can weaken clientelism in developing countries.

*PhD Candidate, New York University. I thank Shanker Satyanath, Pablo Querubin, Zuhad Hai, Allison Carnegie, Daniel Kselman, Jenny Guardado, Yining Sun, Eric San Miguel and seminar participants at NYU (Comparative Politics Workshop), Columbia University (Graduate International Political Economy Symposium), and Carlos III University (Juan Linz Conference) for valuable comments and suggestions.

1 Introduction

The economic benefits of globalization are not equally distributed. When a country integrates into global markets, economic gains concentrate in regions where internationally competitive industries or endowments are located, while import-competing regions face decline. The conventional view is that citizens' response to trade liberalization is shaped by economic voting: voters will reward or punish incumbents based on how globalization affects local economic conditions. Indeed, an extensive literature, mostly based on the experiences of developed democracies, finds that voters have shifted away from incumbents in regions where globalization has caused job losses and economic decline (Autor et al., 2020; Colantone and Stanig, 2018b; Margalit, 2011). However, this evidence only captures one side of globalization: in the developing world, globalization has created new employment opportunities and raised wages as labor-intensive industries relocate from wealthy countries. Thus, we know little about how such economic transformations have affected the politics of developing countries. In this paper, I show that the predictions of the conventional wisdom on trade politics are not generalizable because they fail to consider realistic developing-country conditions, such as widespread clientelism. Specifically, I show that economic gains caused by trade liberalization can weaken incumbents by undermining their ability to mobilize voters through state-sponsored clientelism, which is a major determinant of incumbent support in the developing world.

I argue that free trade can undermine the effectiveness of clientelism by reshaping the economic conditions under which clientelistic exchanges take place. Clientelistic machines generally target low-income voters whose economic insecurity makes their political support cheaper to secure (Stokes, 2005; Stokes et al., 2013; Hicken, 2011). In this sense, a positive export shock that increases private-sector employment opportunities and wages erodes the economic foundations of clientelistic exchanges. As incomes rise, the marginal value of the modest handouts provided by clientelistic machines decreases (Frey, 2019, 2022; Stokes, 2005). Expanded employment options in the private sector also reduce patrons' ability to punish noncompliance (Mares, 2015). Together, these channels weaken the electoral returns to clientelistic mobilization and shift voter support from clientelistic to programmatic parties. Since several developing-world incumbents are highly dependent on state-sponsored clientelistic machines for voter mobilization (Diaz-Cayeros et al., 2016; Thachil, 2014), this process can paradoxically cause the incumbent to lose support in regions that experience large trade-induced economic gains.

I test this argument by examining the political consequences of the North American Free Trade Agreement (NAFTA henceforth) in Mexico. For most of the 20th century, Mexico was ruled by the PRI—a catch-all party that leveraged its decades in government to build a broad clientelistic machine. While the government faced competition from programmatic opposition parties from

the right (PAN) and the left (PRD), the PRI's voter mobilization capacity ensured that opposition remained politically marginalized. In the early 1990s, declining economic conditions (Cameron and Tomlin, 2000; Lustig, 1998), pressure from foreign actors (Cameron and Tomlin, 2000; Hufbauer and Schott, 1993), and an intra-factional struggle in the regime between economic reformers and hardliners (Centeno, 1994; Babb, 2001) led President Carlos Salinas to negotiate a free trade agreement with the governments of Canada and the United States. NAFTA's entry into force—which involved the phased elimination of all tariffs and non-tariff trade barriers between Mexico, Canada, and the USA—triggered an exports boom in Mexican manufacturing and agriculture (Romalís, 2007).

As this paper shows, NAFTA-induced economic gains eroded the effectiveness of the regime's clientelistic networks and caused it to lose significant support in exporting regions. I leverage newly digitized, municipal-level data on pre-NAFTA industrial employment and the post-NAFTA shift in Mexican exports to the USA to build a shift-share variable that identifies which Mexican regions were more exposed to the post-NAFTA exports boom. This variable is strongly correlated with the post-NAFTA increase in manufacturing employment but uncorrelated with pre-NAFTA electoral trends. I then use a difference-in-differences design to show that pro-regime parties lost significantly more support in regions more exposed to the post-NAFTA exports boom: a one standard deviation increase in shock intensity is associated with an approximately three percentage point decrease in the total vote share received by pro-government parties.

While several causal mechanisms could explain the association between export shock intensity and decreased support for the incumbent, several additional findings are consistent with the paper's argument that the erosion of the regime's clientelistic networks played a key role. First, increased export shock intensity is associated with lower enrollment in *Progres*a, the flagship federal welfare program, which opposition activists and journalists widely alleged was subject to political manipulation and used for electoral mobilization (The Carter Center, 2000). Second, electoral losses are concentrated in small pro-regime parties whose electoral mobilization depended heavily on the distribution of material handouts to a working-class urban voter base (henceforth referred to as satellite parties)¹. Among government-aligned parties, satellite parties were particularly vulnerable because their voter base was both highly dependent on clientelism and disproportionately benefited from NAFTA-driven increased employment opportunities in low-skill manufacturing (Atkin, 2016). Third, voters in exporting regions did not simply switch to supporting more pro-trade options. Electoral gains are concentrated in the left-wing opposition—which offered programmatic pro-poor policies but lacked strong clientelistic networks—instead of the economically liberal right-wing opposition, which suggests that the erosion of clientelis-

¹Scholars of Mexican politics refer to these as *partidos paraestatales* (literally translated as parastatal parties). I use the English equivalent “satellite parties” throughout the rest of the paper.

tic networks allowed working-class voters to express their programmatic preferences. Finally, I empirically show that alternative mechanisms, such as internal migration or increased inequality, cannot explain the paper’s findings.

A complementary analysis of the effect of NAFTA in *ejidos*, agrarian communities with historically strong clientelistic ties to the regime, yields consistent results: the regime lost significant support in *ejidos* suited to growing Mexico’s export crops (e.g., avocados or tomatoes), but support for the government remained resilient in *ejidos* that faced increased import competition from American agricultural exports (e.g., maize and wheat).

This paper is related to an extensive literature that studies the political consequences of globalization. Increased economic integration benefits the owners of locally abundant factors of production and impoverishes the owners of locally scarce factors (Rogowski, 1989; Stolper and Samuelson, 1941). Since factors of production are not perfectly mobile and tend to be geographically concentrated, globalization produces geographically concentrated winners and losers (Hiscox, 2002; Autor et al., 2013; Broz et al., 2021). Combined with the logic of economic voting, this geographic pattern yields a natural theoretical conjecture: voters in regions harmed by increased import competition should punish incumbents, whereas voters in benefiting regions should reward them. Indeed, ample empirical evidence from developed democracies is consistent with the first part of this conjecture. In Western Europe and the United States, incumbents have lost significant support in import-competing regions (Autor et al., 2020; Margalit, 2011; Choi et al., 2024) as voters have shifted towards protectionist candidates (Colantone and Stanig, 2018b; Autor et al., 2020; Che et al., 2022).

How voters respond to a positive export shock, however, remains comparatively understudied, and the scarce evidence available also comes from developed democracies, where incumbents have gained support in exporting regions (Jensen et al., 2017). This gap is particularly striking given that positive trade shocks of this kind should be particularly common in developing countries: because labor is the locally abundant factor, trade liberalization should generate employment gains as labor-intensive manufacturing relocates from developed countries (Hiscox, 2002). This paper contributes to filling this gap by studying the consequences of an export shock in a developing country, and shows that voters who benefited from NAFTA shifted away from the regime. This finding underscores that the standard economic voting framework overlooks the impact of trade on clientelistic networks, which are highly relevant for electoral outcomes in the developing world.

More recent work on International Political Economy departs from the economic voting framework and shows that trade can reshape political behavior through downstream channels that economic voting alone fails to capture. Positive export shocks can change the composition of a region’s electorate by incentivizing the internal migration of workers with different policy preferences (Scheve and Serlin, 2025). Policies that compensate declining regions can paradoxically

increase anti-globalization mobilization by increasing the resources and organizational capacity of protectionist groups (Hai, 2026). In settings where the state lacks the capacity to provide social insurance, a negative trade shock can make voters dependent on non-state insurance providers, such as religious organizations, which empowers them to act as political brokers (Rettl, 2025). This paper builds on this agenda by highlighting an additional channel: I show that a positive export shock can reduce voters' dependence on state-sponsored electoral machines and free them to vote for programmatic alternatives.

This paper also contributes to a large research agenda on clientelism. Clientelistic mobilization is pervasive in the developing world (Hicken, 2011). Extensive evidence documents that clientelistic machines target economically vulnerable voters (Mares, 2015; Stokes, 2005; Stokes et al., 2013). Clientelistic networks are more effective at mobilizing low-income voters because they have a higher marginal utility of benefits, which allows brokers to buy their votes with low-cost handouts (Stokes, 2005). Moreover, low-income voters generally have limited economic opportunities, which increases brokers' ability to punish voter defection by withdrawing benefits (Mares, 2015).

Recent work has shown that policies that permanently increase voters' incomes can reduce their dependence on clientelistic handouts and undermine the effectiveness of electoral machines (Frey, 2022; Larreguy et al., 2018). Similarly, this paper shows that free trade can play a similar role in exporting regions by improving wages and creating new non-state employment opportunities. In this sense, the paper's argument is similar to Bueno de Mesquita et al. (2003)'s characterization of free trade as a public good that benefits citizens regardless of whether they support incumbents. The paper's findings suggest that free trade can also undermine the effectiveness of private goods in securing support for incumbents.

Finally, I contribute to the research on the consequences of NAFTA. In the USA, NAFTA was associated with job losses and economic decline in manufacturing regions (Hakobyan and McLaren, 2016; Choi et al., 2024). Recent work shows that NAFTA-induced economic losses are associated with decreased support for the (then incumbent) Democratic Party, and increased support for Ross Perot's protectionist candidacy (Choi et al., 2024; Flaherty, 2023). On the Mexican side, the empirical evidence on the economic and social consequences of NAFTA is mixed. The treaty triggered manufacturing employment gains and raised blue-collar wages. However, since the economic benefits of NAFTA were geographically concentrated, the treaty increased inter-regional inequality. Even in exporting regions, NAFTA caused significant long-term social upheaval: expanded blue-collar employment options caused an increase in high school dropout rates (Atkin, 2016); decreased transportation costs between Mexico and the USA increased the profitability of drug trafficking and intensified drug-related violence (Hidalgo et al., 2026).

The political consequences of NAFTA in Mexico, however, have received comparatively less

attention. Through a different mechanism, earlier work argues that globalization undermined PRI control over municipal governments because a larger local tax base hindered the central government’s ability to punish opposition mayors by withdrawing federal funds (Diaz-Cayeros et al., 2003). More recent work shows that by 2006, when much of the PRI’s machine had been dismantled, López Obrador, the protectionist candidate, underperformed in cities that had benefited from NAFTA (Bustos and Morales-Arilla, 2024). This paper is, to the best of my knowledge, the first to highlight NAFTA’s impact on clientelistic mobilization.

The rest of this paper is structured as follows. The next section discusses the paper’s theoretical argument on the effect of positive export shocks on clientelistic mobilization. Section 3 discusses the historical context. Section 4 describes the paper’s data, and Section 5 presents the empirical strategy. Section 6 presents the paper’s core results, and Section 7 presents numerous robustness checks. Section 8 presents suggestive evidence of the erosion of the regime’s clientelistic networks. Section 9 presents a complementary analysis on the effects of NAFTA in agricultural communities that yields consistent results. Finally, Section 10 discusses the paper’s findings and provides final remarks.

2 Theory: Clientelism and Positive Export Shocks

Extensive work on clientelism in numerous settings has shown that electoral machines target poor voters (Stokes et al., 2013; Diaz-Cayeros et al., 2016). There are two reasons why the clientelistic mobilization of low-income voters is particularly efficient².

First, the cost of vote buying is increasing with income, so it is cheaper for clientelistic machines to buy the votes of low-income individuals. A voter will voluntarily participate in a patron-client exchange if the outcome of the agreement, voting for the machine’s candidate and receiving a handout or service, yields a higher utility than forsaking the payoff and voting for her preferred candidate. Thus, from the machine’s perspective, the cost of buying a citizen’s vote is equal to the cost of the handout that yields the voter the same utility as her reservation utility of voting for her preferred candidate. Ample evidence shows that the marginal utility of additional income diminishes as total income increases—i.e., a fixed payoff has a larger effect on subjective well-being for low-income individuals than for well-off individuals. Thus, holding the value of a handout constant, the clientelistic agreement will yield higher utility to low-income voters, who value the goods and services more, than to relatively wealthy voters.

Second, clientelistic brokers, particularly those aligned with the incumbent, can punish non-

²Throughout this paper, I assume that electoral machines have some capacity to monitor voter behavior. Extensive evidence documents that clientelistic brokers can employ a repertoire of strategies to monitor voter behavior even in settings with secret ballots (e.g., by leveraging social norms of reciprocity) (Stokes, 2005; Finan and Schechter, 2012).

compliance by revoking goods, services, or jobs from voters who do not support the machine's candidate, and low-income voters are particularly vulnerable to such punishment. Because of the diminishing marginal utility of income, the withdrawal of handouts or benefits is more detrimental to the well-being of poor voters, which increases the cost of punishment they face. Additionally, if poor voters have low human capital, then they may have limited employment opportunities in their locality and be largely dependent on a few employers, which increases their risk of facing employment-based retaliation (Frye et al., 2014). Low-income voters may also lack the resources to resist punishment (for instance, by seeking protection from the judiciary) or adapt (e.g., by relocating to a different community).

In this sense, shocks that improve voters' economic well-being can reduce the effectiveness of clientelistic machines by increasing the cost of vote-buying and decreasing the machine's ability to punish voters. Not all positive economic shocks will have the same effect on clientelism. In order to break clientelistic linkages, a shock must be: (1) pro-poor—i.e., raise the material well-being of low-income, machine-dependent voters; (2) irrevocable—i.e., machine-affiliated brokers cannot withdraw the benefits; and (3) durable—i.e., the increase in voters' incomes must be long-lasting rather than a temporary shock. Indeed, recent work has shown that durable, irrevocable, pro-poor policies—such as reforms granting secure property rights (Larreguy et al., 2018), the implementation of programmatic social programs (Frey, 2019; De La O, 2013), or the distribution of durable assets (Frey, 2022)—have led to decreased clientelistic mobilization. More generally, economic development is associated with a decrease in the prevalence of vote-buying and other forms of clientelistic mobilization (Stokes et al., 2013; Hicken, 2011).

2.1 When Free Trade Breaks Clientelism

I argue that, in developing countries, trade liberalization can induce a positive economic shock that is pro-poor, irrevocable, and durable, and therefore undermines clientelistic linkages. First, in the developing world, trade-induced economic growth is likely to be pro-poor. Since labor is the relatively abundant factor of production in most developing countries, their comparative advantage lies in labor-intensive activities such as manufacturing (Stolper and Samuelson, 1941). Trade liberalization incentivizes labor-intensive, unskilled manufacturing to relocate from developed countries, which increases local demand for unskilled labor, creating new employment opportunities for the poor and raising blue-collar wages (Wood, 1994).

Second, trade-induced employment and wage gains are irrevocable since machine-affiliated brokers do not control access to them and cannot revoke them. In liberalizing developing countries, employment gains are concentrated in the private sector (McCaig and Pavcnik, 2018), which puts them outside the direct control of political machines. While incumbents can pressure private com-

panies and incentivize them to discriminate against politically disloyal workers (Frye et al., 2014), the market logic of private-sector companies limits the effectiveness of this mechanism. Such discrimination is economically inefficient since employers who engage in discrimination must incur higher labor costs than their non-discriminating competitors (Becker, 1957). While politically motivated discrimination may still be economically viable in settings where companies face little competition (Frye et al., 2014), it is much costlier for export-oriented employers who face global competitors. New employment opportunities further complicate politically-based hiring discrimination since incumbents must collude with a large number of employers for discrimination to be enforceable (Olson, 1965). Finally, increased demand for low-skill workers in a group of industries should have the general equilibrium effect of raising wages for all unskilled workers in the region, which makes these gains effectively impossible to revoke.

Third, the economic gains of trade liberalization are durable and hard to reverse. Economic integration creates interest groups, such as export-oriented companies, with incentives to lobby for continued liberalization (Rogowski, 1989). Free trade also creates linkages between domestic and foreign companies that substantially increase the cost of reversing liberalization (Milner, 1988). Additionally, free trade agreements (FTAs) often include institutionally-enshrined commitments that are hard to reverse (Maggi and Rodríguez-Clare, 1998; Mansfield et al., 2008), and withdrawal from FTAs can trigger costly international retaliation (Bagwell and Staiger, 1999).

By raising low-skill wages (pro-poor), making it impossible for brokers to condition access to these gains (irrevocable), and locking them in against reversal (durable), trade liberalization simultaneously raises the price of vote-buying and undermines the machine's capacity to punish defection. Conversely, free trade will not weaken clientelism unless it meets all three conditions: in countries where capital is relatively abundant, liberalization will not necessarily result in better employment opportunities or higher wages for the poor; export booms in state-controlled sectors, such as oil, allow incumbents to gatekeep who accesses economic gains; and transitory commodity-price booms are not durable and may thus fail to break clientelistic linkages if voters are uncertain about their future economic prospects. By the same logic, negative trade shocks can deepen clientelistic dependence (Rettl, 2025). In Section 3 I argue that the post-NAFTA exports boom in Mexican manufacturing possessed all three features. The next subsection presents empirically-testable predictions about which parties should gain and lose from a clientelism-breaking shock.

2.2 Hypotheses: Who Wins and Who Loses from the Breakdown of Clientelism

A positive economic shock that undermines clientelistic mobilization should be detrimental to parties that rely on it and beneficial to parties that do not. However, not all clientelistic machines are

equally vulnerable. Machines that control credible-commitment instruments—most importantly, patronage jobs whose continued payments depend on the incumbent remaining in office—can tie voters’ future material well-being to the party’s electoral success in a way that one-shot handouts cannot (Robinson and Verdier, 2013). Additionally, in the developing world, public sector workers generally earn significantly higher wages than their private-sector counterparts (Finan et al., 2017). Since public sector jobs are particularly valuable, patronage employment entails a high defection cost that makes it resilient to a positive economic shock. Thus, parties with access to state resources and well-endowed electoral machines—particularly those that control patronage jobs and other credible-commitment instruments—should be more resilient to positive income shocks than parties that rely primarily on transactional handouts.

Hypothesis 1: *A positive, pro-poor economic shock should be associated with decreased electoral support for clientelistic parties.*

Hypothesis 2: *Among clientelistic parties, these losses should be concentrated in parties that mobilize voters through transactional handouts, and weakest among parties that control credible-commitment instruments, such as patronage employment, that tie voters’ future income to the incumbent’s survival in office.*

The breakdown of clientelistic mobilization, in turn, should benefit programmatic parties. In settings where most voters are tied to electoral machines, policy-based appeals are electorally inefficient since machine-tied voters are bound to support their patrons regardless of the voters’ true policy preferences. A shock that breaks those linkages gives voters the capacity to vote according to their policy preferences, which expands the constituency over which programmatic appeals can compete. The shift towards programmatic competition should benefit parties with a credible reputation of pursuing a stable policy agenda, particularly if these parties had little clientelistic mobilization capacity.

Hypothesis 3: *A positive, clientelism-eroding economic shock should be associated with electoral gains for programmatic parties, particularly if they have little clientelistic mobilization capacity.*

Among programmatic parties, the weakening of clientelistic mobilization should be particularly beneficial to parties that compete programmatically for the support of low-income voters but have little clientelistic mobilization capacity. As previously noted, clientelistic machines mostly mobilize low-income voters, so the bulk of voters released from clientelistic dependence are themselves low-income. These newly released voters should favor parties with a credible commitment towards enacting pro-poor, redistributive policies over parties whose programmatic appeals target middle-class or high-income voters, whose choices are generally not shaped by clientelism³. Thus,

³This is similar to Fujiwara (2015)’s finding that the *de facto* enfranchisement of illiterate voters in Brazil led to increased support for Left-wing parties and more redistributive policy outcomes.

the electoral gains from clientelistic erosion should be concentrated in pro-poor programmatic parties.

Hypothesis 4: *Among programmatic parties, electoral gains should be concentrated in parties credibly committed to enacting pro-poor policies.*

These four hypotheses motivate the paper's empirical analysis. The next section introduces the Mexican case and explains why the PRI's reliance on a broad state-sponsored clientelistic machine, combined with the export boom triggered by NAFTA, makes it an especially well-suited setting in which to test these predictions.

3 Historical Context

The Institutional Revolutionary Party (PRI henceforth) ruled Mexico from 1929 to 2000. The party emerged in the aftermath of the Mexican Revolution as a broad coalition of Revolutionary factions. Through its multi-decade rule, the PRI built an electoral machine that allowed it to hold near-total control over Mexican politics. The party's control over state resources allowed it to deploy multiple strategies to establish clientelistic linkages with diverse groups of voters. In urban areas, the party rewarded loyalists with patronage jobs in the bureaucracy and state-owned enterprises (Magaloni, 2006; Greene, 2007). In the countryside, the PRI redistributed land to peasants under a precarious form of land ownership that could be revoked at the government's discretion. Moreover, local party brokers controlled voters' access to social programs and distributed material handouts around election time (Diaz-Cayeros et al., 2016; Magaloni, 2006). Beyond these structures, the PRI also funded and controlled minor left-wing *satellite* parties that delivered their small working-class voter base to the regime (Rodríguez Araujo, 1979; Molinar Horcasitas, 1991).

The PRI was characterized by a high degree of ideological heterogeneity for most of its history. In general, the party membership was split between two major ideological factions: a technocratic, economically liberal group—drawn from an urban, university-educated professional elite—and a nationalist, protectionist faction associated with state-owned enterprises, peasant groups and import substitution industrialization (Centeno, 1994; Babb, 2001). During the first decades of PRI-rule, both factions shared power and the presidency alternated between them. However, following years of chronic overspending, a severe fiscal crisis in 1982 discredited the party's statist faction and shifted control to the technocratic wing. It was this faction that, under President Carlos Salinas, implemented a program of economic liberalization. One of the centerpieces of Salinas' program of economic reform was the negotiation of a free trade agreement with the United States and Canada.

3.1 The North American Free Trade Agreement

The resulting agreement, which was signed in December 1992 and entered into force in January 1994, committed Mexico, the United States, and Canada to the phased elimination of tariffs and non-tariff barriers across manufacturing, agriculture, and services. NAFTA triggered a large expansion of Mexican exports to the US (Romalis, 2007). Because of Mexico's comparative advantage in labor relative to the US, the growth in Mexican exports was concentrated in (unskilled) manufacturing. Thus, in Mexican exporting regions, NAFTA caused significant gains in blue-collar wages and employment (Atkin, 2016). These gains were also irrevocable: since they originated in private, largely foreign-owned export firms, they were outside the control of the regime's brokers. Additionally, given the high costs of withdrawing from a free trade agreement, as discussed in Section 2, the liberalization that produced these gains was unlikely to be reversed, so these gains constituted a durable income shock to working-class voters in exporting regions. In Section 6, I show that post-NAFTA economic gains undermined the regime's electoral machine in Mexican regions that were highly exposed to the positive export shock.

3.1.1 Why NAFTA?

Why would a clientelistic incumbent accept free trade if liberalization will undermine its clientelistic networks? Scholars of Mexican politics offer two explanations for why Salinas' government had an interest in negotiating a free trade agreement with the United States despite its reliance on machine-based mobilization. First, when Salinas took office in 1988, Mexico still faced the consequences of its 1982 fiscal crisis: the government was highly indebted (Lustig, 1998), inflation was chronically high, and GDP per capita was still below its pre-crisis level. The economic downturn had severely undermined the PRI's popularity, which for the first time in history experienced significant losses in the 1985 and (particularly) the 1988 elections. In this setting, it was paramount for the regime to rekindle economic growth to prevent further electoral losses. The Salinas administration hoped that economic integration with the US would improve the country's economic situation by attracting foreign investment, guaranteeing access to the US market, and stimulating export-led growth.

Second, NAFTA also offered the technocratic reform wing a way to lock in economic liberalization and make it hard for any future government to reverse. This served the reformers on two fronts. Abroad, given the country's precarious fiscal situation, the government had an interest in sending a credible signal to foreign creditors and investors that there would not be a reversal to statist policies (Maxfield, 1997; Lustig, 1998). In this sense, NAFTA served as a credible commitment device because the agreement included several binding commitments that would be costly to abandon in case a future Mexican administration attempted to reinstate statist policies (Maggi and

Rodríguez-Clare, 1998; Hufbauer and Schott, 1993). At home, the same commitments helped the technocrats sideline the party's statist faction by making its protectionist policy agenda impossible to implement.

Finally, insofar as NAFTA-induced economic gains could erode the regime's clientelistic mobilization capacity, the brunt of the political cost would be borne by Salinas' internal rivals. Most of the regime's electoral brokers—e.g., peasant leaders and the PRI's allied satellite parties—had ties to the party's statist faction (Rodríguez Araujo, 1979; Molinar Horcasitas, 1991; Bruhn, 1997). While the decline of the regime's electoral machine undermined the party's total mobilization capacity, it also shifted the factional balance of power by weakening the statist faction. Thus, for the incumbent technocratic wing, the electoral consequences of NAFTA were less negative than for the regime as a whole.

3.2 Party Landscape

This section characterizes the main parties that contested elections in this period. A party's mobilization strategy—e.g., whether it mostly relies on clientelistic mobilization or programmatic appeals—is a crucial determinant of how it will be affected by a clientelism-eroding economic shock. As the previous section discussed, the incumbent **PRI** was ideologically heterogeneous and relied heavily on clientelistic mobilization. The party could leverage its control over state resources to employ a diverse set of clientelistic strategies such as patronage, the withdrawal of peasants' property rights, and vote-buying. Scholars of Mexican politics agree that the PRI did not have a consistent policy platform. Instead, the government's policy priorities shifted according to which faction held the presidency (Centeno, 1994). By the 1990s, when the technocratic wing dominated the party, the PRI's position could be broadly described as centrist in Mexico's political spectrum. While the PRI had embraced liberal economic reforms and trade liberalization, its support for continued state ownership of key assets like oil placed it to the left of the conservative opposition.

The PRI supported three minor *satellite parties*: The PPS, PARM, and PFCRN⁴. Although these parties were nominally leftist, in practice their policy positions amounted to little other than supporting the government's policies (Rodríguez Araujo, 1979; Molinar Horcasitas, 1991; Bruhn, 1997). Given their thin programmatic commitments, the *satellite parties* relied heavily on broker-based electoral mobilization of poor voters in marginalized communities such as squatter settlements (Alvarado and Minello, 1992). They could sustain this clientelistic mobilization because, unlike opposition parties, they received extralegal funding from the Mexican government (Bruhn, 1997). However, unlike the PRI, the *satellite parties* did not control the bureaucracy and had a

⁴Popular Socialist Party, Authentic Party of the Mexican Revolution, and Cardenist Front for National Reconstruction, respectively.

weak presence in local governments, which forced them to rely on more basic strategies for clientelistic mobilization. While the *satellite* parties' everyday clientelistic practices have received little scholarly attention, declassified surveillance files of the Federal Security Directorate (DFS)—the regime's secret police—document the *satellite* parties' reliance on handout-based clientelistic mobilization in low-income neighborhoods⁵. Appendix A describes the DFS files and presents this evidence in detail.

In turn, the PRI's opposition was split between left-wing and right-wing parties. Despite their ideological differences, both opposition parties shared two features. On the one hand, since they lacked access to state resources, the parties had little clientelistic mobilization capacity (Greene, 2007; Magaloni, 2006). On the other hand, opposition parties were significantly more ideological than pro-government parties. Since these parties competed at a significant disadvantage, their membership attracted highly ideological individuals who self-selected into these parties despite their electoral weakness (Greene, 2007).

The right-wing opposition was organized around the National Action Party (**PAN**), a right-wing Catholic party. The PAN's main constituency was the urban middle-class, which was prosperous enough to be autonomous from the regime's electoral machine (Loaeza, 1999; Magaloni, 2006). The PAN had consistently favored economic liberalization and was perceived by Mexican voters as the most pro-market party (Loaeza, 1999; Greene, 2007). Regarding trade, the PAN was generally supportive of NAFTA and trade liberalization (Loaeza, 1999).

On the left, the main opposition party was the Party of the Democratic Revolution (**PRD**). The PRD was the institutional successor of a lineage of socialist parties stretching back to the Mexican Communist Party⁶. The party took its modern form in 1989, when this socialist current merged with a group of dissident PRI politicians from the party's statist wing. Crucially, however, these defectors did not bring the PRI's clientelistic machine with them since the brokers and state resources that sustained clientelistic mobilization remained with the government (Bruhn, 1997). Thus, the PRD competed as a redistributive programmatic party and drew support from the urban and rural poor. Relative to the other major parties, the PRD favored more protectionism (Magaloni, 2006). However, given the potential costs of exiting the agreement, the party did not advocate for a radical reversal of trade liberalization (Bruhn, 1997).

Table 1 classifies the parties based on their policy positions and their dependence on clientelistic or programmatic appeals for voter mobilization. In the next section, I turn to the data and research

⁵This characterization is also consistent with informal conversations with former activists of the independent left (the PMS and PSUM) and the early PRD—parties that competed directly against the *satellite* parties for the same low-income electorate—who described the same practices.

⁶The independent left was represented by the Mexican Communist Party (PCM, 1977 to 1981), the Unified Socialist Party of Mexico (PSUM, 1981–1987), the Mexican Socialist Party (PMS, 1987–1989), and the Party of the Democratic Revolution (PRD, from 1989). For most of the period I study, this camp is represented by the PRD.

design used to estimate how NAFTA exposure reshaped electoral support.

Table 1: Party Classification

		Ideology		
		Left	Center	Right
Pro-Regime	Clientelistic <i>handout-based</i>	Satellite Parties 		
	Clientelistic <i>relational</i>		PRI 	
Opposition	Programmatic	PRD 		PAN 

Notes: The table classifies parties by their alignment with the regime, their dominant mode of voter mobilization, and their ideological position.

4 Data

My goal is to build a panel of Mexican regions at the most fine-grained level at which I can accurately measure both regional exposure to the post-NAFTA export boom and electoral outcomes. The paper's core analysis relies on three sources:

- **Industry-level Employment Data:** To measure regional exposure to NAFTA-induced economic gains, I digitized the **1989 Mexican Industrial Census**, which includes municipal-level employment in each of the manufacturing industries of the *Mexican Classification of Activities and Products* (CMAP). To measure the industry-level export shock, I link each HTS-6 export product to a Mexican industrial classification by using Pierce and Schott (2009) and INEGI's concordance tables.
- **Electoral Data:** I use congressional-district level results for all lower-house (Chamber of Deputies) legislative elections held between 1979 (the first election run under this system) and 2000 (when the PRI lost the presidency and Mexico transitioned into a fully competitive

democracy)⁷. I use district-level data because it is the most fine-grained level at which electoral results were consistently published through this period. Electoral authorities only began publishing municipality-level results for legislative elections in 1991 (the last pre-NAFTA election). Thus, a municipality-level analysis does not allow me to evaluate pre-NAFTA political trends, which is crucial for credible identification. As a robustness check, Appendix B shows that a municipality-level analysis yields consistent findings.

Similar to the US’s House of Representatives, Mexico is divided into 300 congressional districts with roughly equal population⁸. I focus on Chamber of Deputies elections because, unlike mayoral or governor elections—which are often contested on local issues and revolve heavily around candidates—legislative elections in Mexico are highly nationalized and party-centric, so legislative elections more accurately measure voters’ support for each party.

- **Demographic and Economic Data:** I use microdata from the 1990 and 2000 National Population Censuses to construct a set of demographic and socioeconomic controls—such as population, urbanization, literacy, indigenous population share, poverty rates, migration, inequality—and to measure local enrollment in federal welfare programs for the mechanism analysis in Section 8. I describe each control where I introduce the corresponding specifications in Section 5.

As noted above, electoral and manufacturing data exist at different geographic levels (300 congressional districts vs. 2,403 municipalities). Municipalities are not nested in congressional districts: while most districts are unions of whole municipalities, other districts split municipalities. Thus, I aggregate districts and municipalities into the smallest geographic units that are unions of complete districts and complete municipalities. This procedure yields 201 clusters at which both electoral and manufacturing data can be measured accurately.

4.1 Measuring Exposure to the Export Shock

To measure each cluster’s exposure to the post-NAFTA export boom, I construct an Autor et al. (2013)-style shift-share index that combines national industry-level export growth with each cluster’s pre-NAFTA employment composition.

$$\text{NAFTA Index}_c = \sum_j \frac{L_{c,j}}{\text{Workers}_c} \times \frac{\Delta \text{Exports}_j}{L_j^{\text{nat}}}$$

⁷Electoral data for post-1991 elections comes from Mexico’s National Electoral Institute. Results for previous elections come from CEDE (2024).

⁸The Mexican House of Representatives, however, also has 200 seats allocated through proportional representation. Since opposition parties rarely defeated the PRI at the district level, most opposition legislators were elected through the PR seats, so any increase in an opposition’s party vote share was politically relevant.

Where $L_{c,j}/\text{Workers}_c$ denotes the pre-NAFTA (1989) share of cluster c 's workers employed in manufacturing industry j ; L_j^{nat} is the pre-NAFTA national employment in manufacturing industry j ; and $\Delta\text{Exports}_j$ corresponds to the total change (USD) in Mexican exports to the USA in industry j between 1991 and 2000.⁹ The index approximates the per-worker change in export value that cluster c would experience if each of its industries grew at the national rate. Intuitively, the index takes on high values if, pre-NAFTA, cluster c was highly specialized in manufacturing industries where Mexican exports to the USA grew significantly after NAFTA. Figure 1 maps the geographic distribution of the NAFTA index variable.

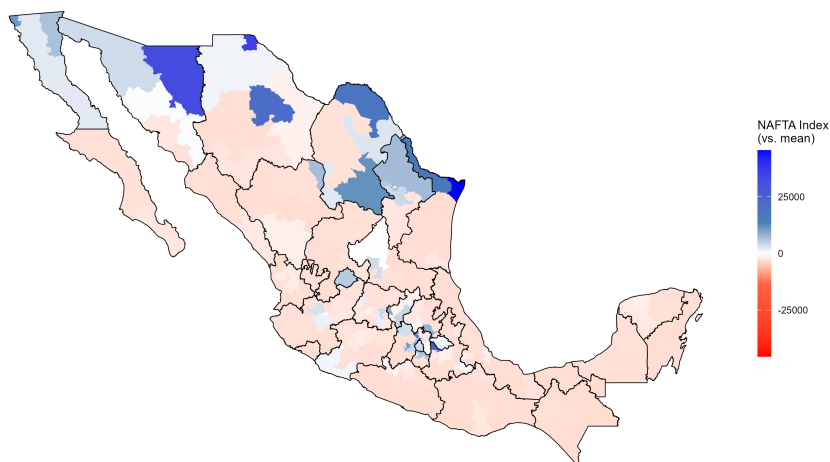


Figure 1: NAFTA Index: Geographic Distribution. *Notes:* Each shaded unit is one of the 201 clusters used in the core analysis. The shading shows the cluster's NAFTA Index relative to the national mean. Blue (red) shades denote high (low) exposure.

By design, the NAFTA Index has two features that must be accounted for. First, because each cluster's industry shares sum up to its total manufacturing employment share, the index systematically takes larger values in clusters that are highly specialized in manufacturing. If industrial clusters follow different political trends *vis-a-vis* clusters specialized in other sectors, then any findings would be confounded. To address this issue, all specifications dynamically control for the total cluster-level share of manufacturing employment—i.e., all specifications allow clusters to fol-

⁹Export data comes from UN Comtrade.

low different trends based on their total pre-NAFTA manufacturing employment¹⁰. In other words, the effective variation does not come from some clusters being more specialized in manufacturing than others, but from each cluster’s industrial *composition*, conditional on its total manufacturing employment share.

Second, as Figure 1 illustrates, exposure is concentrated in clusters near the Mexico-US border. Even before NAFTA, some Mexican industries sent significant exports to the US, and exporting firms sorted in northern regions to reduce their transportation costs (Hanson, 1997). The index is thus strongly correlated with each cluster’s distance to the Mexico-US border, which raises the concern that it simply proxies for a cluster’s distance to the US. Indeed, absent NAFTA, there are multiple reasons why regions close to the US might have diverged politically from the rest of the country—e.g., high migration, drug-trade dynamics, a more conservative political culture. Thus, all empirical specifications allow electoral trends to vary with each cluster’s distance to the US border, measured as the log of the shortest distance, in kilometers, from the cluster’s centroid to the nearest US port of entry along the pre-NAFTA road network.¹¹

Table 2 shows descriptive statistics for the variables used in the paper’s core analysis. As the table shows, the NAFTA Index is heavily right-skewed, which raises concerns that any findings are driven by a few outlier clusters. However, as discussed above, the effective variation used in the empirics is conditional on total pre-NAFTA manufacturing employment and distance to the US-Mexico border. Thus, as Appendix C shows, the effective variation is substantially less skewed. Moreover, Appendix B shows that the paper’s findings are robust to dropping the most influential clusters.

The next section presents the empirical strategy used throughout the paper.

¹⁰This corresponds to Borusyak et al. (2022)’s *incomplete shares control*

¹¹I compute shortest-path road distances over Mexico’s 1985 road network from each cluster’s centroid to the nearest US-Mexico land border crossing.

Table 2: Summary Statistics

	Mean	SD	Min	Max	N Clusters	N Elections
<i>Panel A: Electoral Outcomes (% vote share)</i>						
Pro-Regime Total	67.41	19.96	20.98	99.68	201	8
PRI	61.05	18.56	12.13	99.10	201	8
Satellite Parties	6.36	9.79	0.16	80.95	201	8
Total Opposition	20.21	17.15	0.00	73.16	201	8
PAN (Right)	12.83	12.50	0.00	63.80	201	8
PRD (Left)	7.38	10.45	0.00	56.32	201	8
<i>Panel B: NAFTA Exposure</i>						
NAFTA Exposure Index (ADH)	3,187.1	6,636.8	22.3	48,606.7	201	8
<i>Panel C: Pre-NAFTA Controls</i>						
Manufacturing Employment Share	0.070	0.074	0.004	0.379	201	8
Population (000s)	394.0	612.2	112.9	8,235.7	201	8
Distance to Border (km)	937.1	500.3	13.4	2,635.3	201	8
Marginalization Index	-0.447	0.856	-2.308	1.660	201	8
Literacy	0.843	0.096	0.497	0.977	201	8
Post-Primary Share	0.213	0.094	0.044	0.447	201	8
Urban Share	0.604	0.245	0.066	1.000	201	8
Indigenous Share	0.076	0.136	0.000	0.608	201	8
Primary Sector Share	0.339	0.204	0.003	0.842	201	8
Secondary Sector Share	0.246	0.099	0.037	0.503	201	8
Tertiary Sector Share	0.381	0.138	0.088	0.701	201	8

Notes: Summary statistics for the 201 clusters observed in the eight legislative elections held between 1979 and 2000. Results for the 1994 election are missing for two clusters (the 4th district of Puebla and the 22nd district of Veracruz).

5 Empirical Strategy

I exploit each cluster's variation in exposure to the post-NAFTA export shock to identify the effect of NAFTA on economic and political outcomes. The baseline empirical specification is a difference-in-differences model that compares trends in clusters specialized in industries that experienced large post-NAFTA growth with clusters specialized in industries that did not. More formally, I estimate:

$$Y_{ct} = \alpha_c + \gamma_t + \beta \cdot (\text{NAFTA Index}_c \times \text{After}_t) + \delta'(\mathbf{X}_c \times \text{After}_t) + \varepsilon_{ct}$$

Where Y_{ct} is cluster c 's outcome at time t ; After_t is an indicator variable that equals one for all periods after NAFTA entered force in January of 1994; α_c and γ_t are cluster and period fixed effects; and $\mathbf{X}_c$ is a vector of pre-NAFTA controls: the cluster's share of workers in manufacturing, its (log) distance to the US-Mexico border, and a set of economic and demographic covariates from the 1990 census¹². To facilitate the interpretation of the paper's results, I standardize the NAFTA

¹²The census covariates are log population, the marginalization index, the literacy rate, the share of the population with post-primary schooling, the urban share, the indigenous share, and the shares of employment in the primary, secondary, and tertiary sectors. In the municipality-level analyses of Appendix B, the indigenous share and the sectoral

index, so all coefficients should be interpreted as the expected change in the dependent variable associated with a one standard deviation increase in the NAFTA index.

The identification assumption is that, absent NAFTA, high-exposure clusters would have followed similar trajectories to low-exposure clusters. To assess its plausibility, whenever data availability allows it, I estimate event-study specifications that replace After_t with a full set of period indicators interacted with the NAFTA index, which allows me to test for differential pre-NAFTA trends across exposure levels and to trace the effect's dynamics after 1994.

$$Y_{ct} = \alpha_c + \gamma_t + \sum_{k \neq 1991} \beta_k \cdot (\text{NAFTA Index}_c \times \mathbf{1}\{t = k\}) + \sum_{k \neq 1991} \delta'_k (\mathbf{X}_c \times \mathbf{1}\{t = k\}) + \varepsilon_{ct}$$

Where $\mathbf{1}\{t = k\}$ is an indicator variable that equals one in period k and zero otherwise; the omitted reference period corresponds to 1991 (the last pre-NAFTA election). All remaining terms are defined as in the baseline difference-in-differences specification above. The coefficients of interest β_k trace the association between NAFTA and the outcome variable in each period relative to 1991. If high-exposure and low-exposure clusters followed similar trajectories before NAFTA entered force, then pre-1994 β_k coefficients should be close to zero.

6 Results

6.1 Economic Outcomes

I first show that the NAFTA index is strongly correlated with the cluster-level change in manufacturing employment from 1989 to 1999. Table 3 displays the estimates of a two-period (1989, 1999) difference-in-differences model where the dependent variable is each cluster's total manufacturing employment in the corresponding year. An important concern is that, after dynamically controlling for each cluster's share of manufacturing employment and distance to the Mexico-US border, the variable may not be strongly correlated with post-NAFTA economic gains (i.e., there could be little residual variation after controlling for these variables). Column 1 displays the coefficients of a model that controls for the interactions of these variables and the post-NAFTA indicator. The NAFTA index is strongly associated with the post-NAFTA increase in manufacturing employment: a one standard deviation increase in exposure to the export shock is associated with approximately a 15 percent increase in manufacturing employment. Another concern is that high-growth industries were concentrated in regions that differed from the rest of the country on other dimensions such as human capital, urbanization, or development. Column 2 adds the full set of pre-NAFTA

employment shares are replaced by population density, and schooling is measured as the share of the population with completed primary schooling.

demographic and economic controls estimated from the 1990 census microdata: total population, poverty, education, urbanization, indigenous population¹³, and sectoral employment composition, each interacted with the post-NAFTA dummy. As the coefficient shows, the association between the NAFTA index and manufacturing employment gains remains highly significant: approximately a 14 percent increase in manufacturing employment ($p < 0.05$).

Table 3: First Stage: NAFTA Index and Manufacturing Employment

Dependent Variable:	Log Manufacturing Employment	
	(1)	(2)
NAFTA Index (std.) $\times$ Post	0.1532*** (0.0502)	0.1353** (0.0523)
Mfg. Empl. Share $\times$ Post	-4.7761*** (0.6072)	-5.5718*** (0.7265)
Log Dist. to Border $\times$ Post	-0.1858*** (0.0384)	-0.1894*** (0.0449)
Demographic & Economic Controls	$\times$	$\checkmark$
Cluster FE	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$
Clusters	201	201
Periods	2	2
Observations	402	402

Dependent variable: $\log(1 + \text{manufacturing employment})$, measured in the 1989 and 1999 Industrial Censuses. Column (2) adds the controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

6.2 Political Outcomes

I then evaluate the political consequences of NAFTA. Table 4 displays the estimates of a difference-in-differences model that examines the association between exposure to the NAFTA export shock and support for pro-government parties (the PRI and its satellite parties)¹⁴, which were heavily reliant on clientelistic mobilization. As Column 1 shows, support for pro-regime parties fell significantly in high-exposure regions: a one standard deviation increase in exposure to the export

¹³The PRI had strong ties to indigenous traditional authorities, which made its support in highly indigenous regions more resilient to the export shock (Benton, 2012). Since the indigenous population is concentrated in southern, rural, low-exposure clusters, this could confound the results.

¹⁴I count a vote for any of the satellite parties as a vote for the regime. The major complication is the 1988 election, when the satellite parties and the left-wing opposition both supported PRI dissident Cuauhtémoc Cárdenas. However, contemporaneous accounts show that opposition leaders were highly skeptical of the satellite parties' true loyalty. Indeed, mistrust towards the satellite parties was one of the reasons why the left-wing opposition and the satellite parties did not form a coalition for the legislative election and ran on different slates (Bruhn, 1997). Following the election, the skeptics' fears were confirmed when the satellite parties switched back to supporting the PRI (Molinar Horcasitas, 1991). Given the strong association between the satellite parties and the regime, it is unclear whether a vote for them in the 1988 election represented a vote against the regime. For consistency, I always include the satellite parties in the pro-regime vote share.

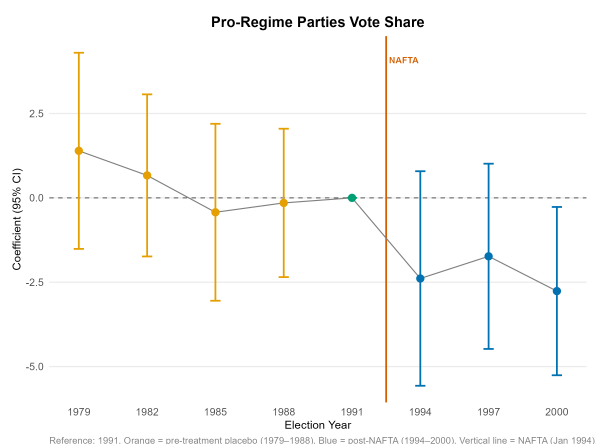
shock is associated with a 2.6 percentage point decrease in the pro-regime vote share. In Column 2 I add the set of census economic and demographic controls, and the estimated decline remains statistically significant and, if anything, slightly larger in magnitude: a one standard deviation increase in exposure is associated with a 2.8 percentage point decrease in the pro-regime vote share. This decline is consistent with Hypothesis 1: a positive, clientelism-eroding export shock reduced support for the parties that relied most heavily on clientelistic mobilization.

Figure 2 plots the dynamic effects of the corresponding event-study specification. As the figure shows, before NAFTA, high- and low-exposure clusters did not follow different trajectories: the pre-1994 coefficients are small and statistically indistinguishable from zero, and I cannot reject the hypothesis that all pre-NAFTA placebo estimates jointly equal zero (joint p -value = 0.78 and 0.60 under the basic and full controls, respectively).

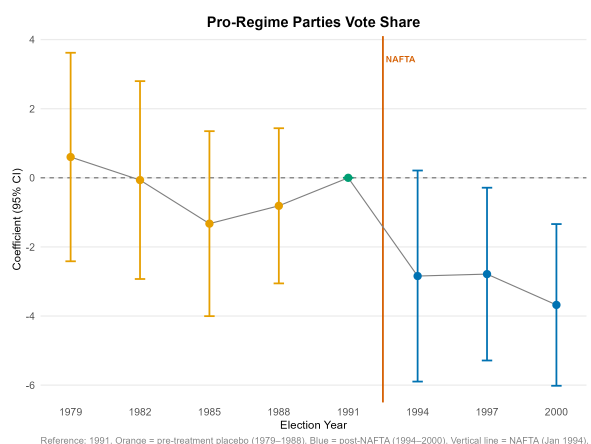
Table 4: Effect of NAFTA Exposure on Pro-Regime Vote Share

Dependent Variable:	Pro-Regime Total	
	(1)	(2)
NAFTA Exp. (std.) $\times$ Post	-2.592** (1.207)	-2.787*** (1.063)
Demographic & Economic Controls	$\times$	$\checkmark$
Cluster FE	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$
Clusters	201	201
Elections	8	8
Observations	1,606	1,606
Mean of dep. var.	67.41	67.41

Dependent variable: vote share in percentage points. Column (2) adds the controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.



(a) Basic Controls



(b) Full Controls

Figure 2: Event Study: Pro-Regime Vote Share. Reference: 1991. Vertical line = NAFTA (Jan 1994). 95% CI.

I then decompose the pro-regime vote into the PRI itself and its satellite parties (PPS, PARM, PFCRN). Table 5 displays the estimates of the corresponding difference-in-differences models, which reveal a sharp asymmetry. The decline in support for pro-regime parties is concentrated almost entirely in the satellite parties, while the PRI vote share remains stable throughout the period: a one standard deviation increase in exposure to the post-NAFTA export shock is associated with a 2.5 percentage point decrease in support for the satellite parties. As Column 4 shows, these findings are robust to the addition of demographic and economic controls. In turn, Figure 3 displays the corresponding event-study plots, which show that high- and low-exposure clusters followed similar trajectories before NAFTA.

While all pro-regime parties relied heavily on clientelistic mobilization, their resources constrained the strategies they could employ. On the one hand, the PRI's control of the federal and local governments allowed it to offer benefits, like patronage jobs, that were relatively valuable and gave voters a direct stake in the party's electoral success. As previously discussed, such strategies should be more resilient to a positive income shock. Beyond patronage employment, the PRI's resources allowed it to build a vast network of brokers with deep, durable ties to their communities (Magaloni, 2006). Many voters with durable ties to clientelistic machines prefer not to sever their ties to the machine even when their incomes rise, because their relationship serves as a form of insurance against future negative shocks (Nichter, 2018). For these reasons, the PRI's machine should have been resilient to a positive income shock¹⁵.

On the other hand, the satellite parties lacked these resources and had to rely on more basic strategies such as the provision of one-shot material handouts. Moreover, even though the parties were purportedly left-wing, their lack of programmatic commitment meant that, absent clientelism, voters had little reason to support them. Finally, it is worth mentioning that the satellite parties' voter base left them highly exposed to the NAFTA shock. As Figure 4 shows, the satellite parties were relatively stronger in urban regions, which benefited the most from the increase in manufacturing employment. Together, these features made the satellite parties vulnerable to a clientelism-eroding positive economic shock¹⁶.

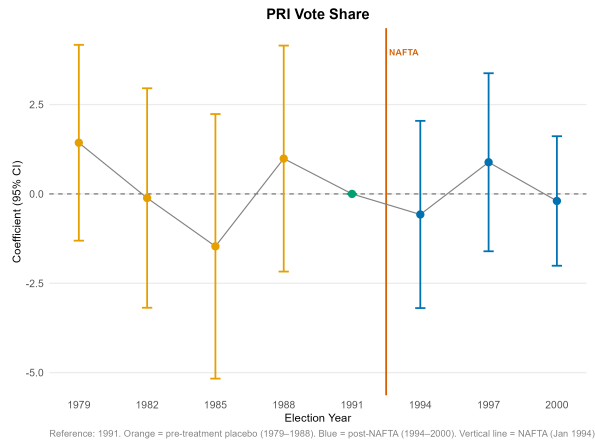
¹⁵An alternative interpretation is that, in highly exposed regions that saw significant economic gains, the PRI did lose clientelistic support but benefited from retrospective economic voting such that both effects canceled out. Unfortunately, I cannot evaluate this possibility because of the lack of granular electoral data for the period.

¹⁶The satellite parties were associated with the PRI's statist faction (Bruhn, 1997). In this sense, the finding that electoral losses were concentrated in them, as opposed to the PRI itself, is consistent with the idea that one of Salinas' incentives for negotiating NAFTA was that the political costs of post-NAFTA clientelistic erosion would fall most strongly on his coalitional rivals.

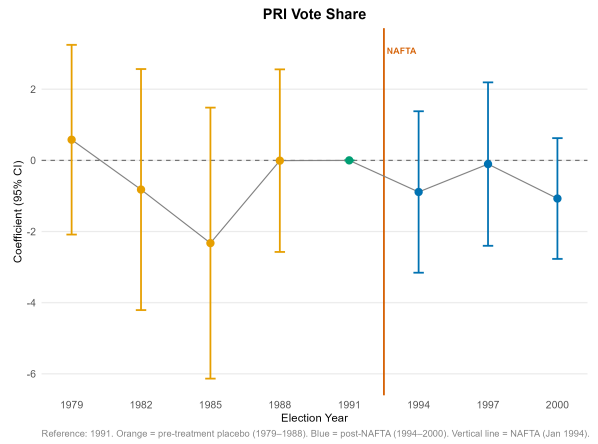
Table 5: Effect of NAFTA Exposure on PRI and Satellite Party Vote Share

Dependent Variable:	PRI		Satellite Parties	
	(1)	(2)	(3)	(4)
NAFTA Exp. (std.) $\times$ Post	-0.1301 (1.073)	-0.1788 (1.005)	-2.462** (1.124)	-2.608** (1.114)
Demographic & Economic Controls	$\times$	$\checkmark$	$\times$	$\checkmark$
Cluster FE	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Clusters	201	201	201	201
Elections	8	8	8	8
Observations	1,606	1,606	1,606	1,606
Mean of dep. var.	61.05	61.05	6.36	6.36

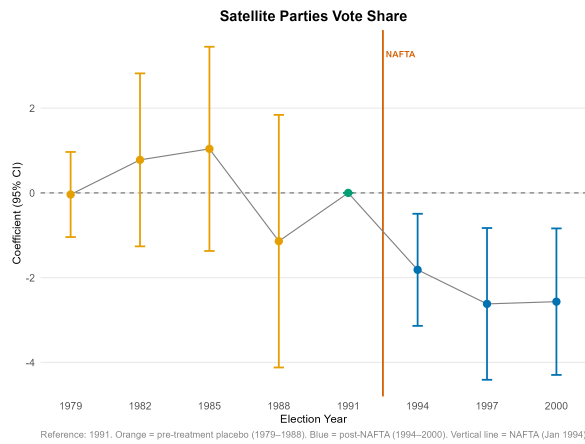
Dependent variable: vote share in percentage points. Columns (2) and (4) add the controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.



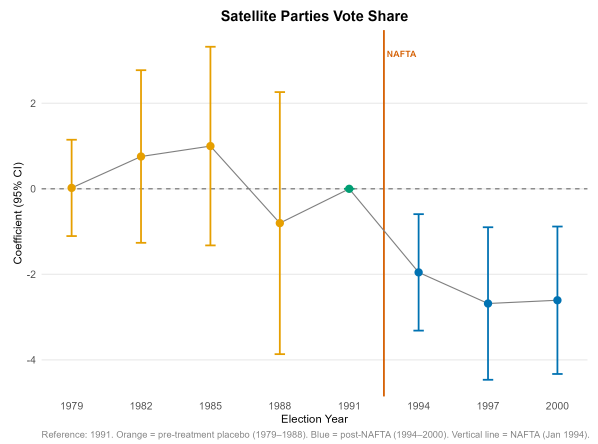
(a) PRI — Basic Controls



(b) PRI — Full Controls



(c) Satellite Parties — Basic Controls



(d) Satellite Parties — Full Controls

Figure 3: Event Study: PRI and Satellite-Party Vote Shares. Reference: 1991. Vertical line = NAFTA (Jan 1994). 95% CI.

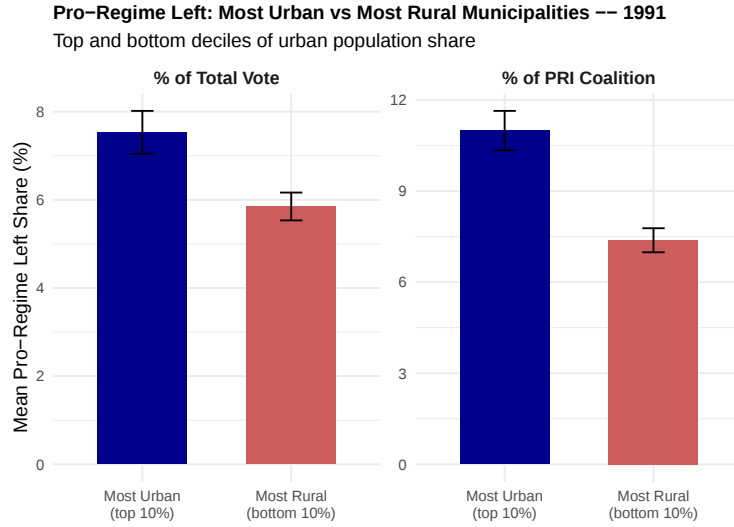


Figure 4: Urban vs. Rural: Satellite-Party Vote Share.

The erosion of the regime's electoral machine should have benefited opposition parties, whose lack of resources meant they could not rely on clientelistic mobilization. Table 6 displays the estimates of a difference-in-differences model that evaluates the association between the NAFTA shock and support for opposition parties. As Column 1 shows, opposition parties saw significant gains in regions highly exposed to the post-NAFTA export boom: a one standard deviation increase in exposure is associated with a 2.8 percentage point increase in support for the opposition. These findings are robust to the inclusion of economic and demographic controls. Moreover, as Figure 5 shows, before NAFTA, support for the opposition followed similar trends in high-exposure and low-exposure regions.

Table 6: Effect of NAFTA Exposure on Total Opposition Vote Share

Dependent Variable:	Total Opposition	
	(1)	(2)
NAFTA Exp. (std.) $\times$ Post	2.824** (1.191)	2.731*** (1.019)
Demographic & Economic Controls	$\times$	$\checkmark$
Cluster FE	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$
Clusters	201	201
Elections	8	8
Observations	1,606	1,606
Mean of dep. var.	20.21	20.21

Dependent variable: vote share in percentage points. Column (2) adds the controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

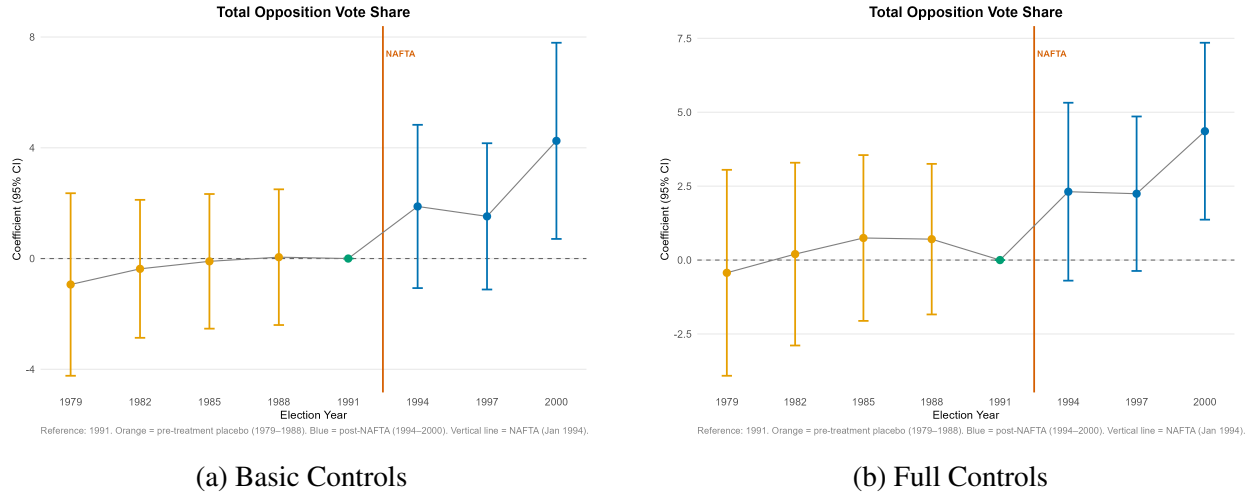


Figure 5: Event Study: Total Opposition Vote Share. Reference: 1991. Vertical line = NAFTA (Jan 1994). 95% CI.

A natural interpretation of these results within the standard economic voting framework is that voters in high-exposure regions may increasingly favor free trade and switch towards more pro-market parties. I can directly evaluate this interpretation because the two opposition parties were sharply divided on economic policy (the PAN was the most pro-market party in Mexico, while the PRD was the most leftist and protectionist). This interpretation would imply that the opposition gains should be concentrated in PAN. However, as Table 7 shows, most gains accrue to the left-wing opposition (PRD): a one standard deviation increase in exposure is associated with a 1.6 percentage point increase in support for the PRD. While the PAN also gained support in high-exposure regions, the effect of the NAFTA index is not statistically significant at conventional levels. Figure 6 plots the corresponding event studies. Although these results contradict the predictions of the standard economic voting framework, they are consistent with the erosion of the regime's clientelistic network. The breakdown of clientelistic ties that bound (mostly poor) voters to pro-regime parties allowed them to switch their votes towards a party with a credible programmatic commitment to implementing pro-poor policies, which is consistent with Hypotheses 3 and 4.

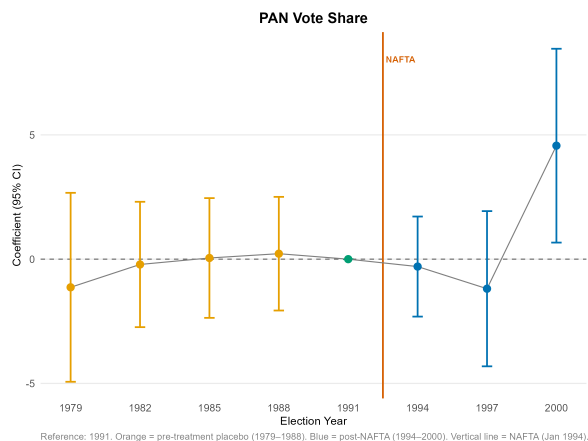
An alternative interpretation that is also consistent with the clientelism erosion mechanism is that most voters who were embedded in the regime's electoral machine were ideologically close to the satellite parties. Indeed, clientelistic parties generally target voters who are ideologically close to them. As previously noted, a voter will participate in a patron-client exchange only if the value of the clientelistic handout exceeds the difference between the utility of voting for her preferred candidate and the utility of voting for the clientelistic party's candidate. This difference is increasing in the ideological distance between the voter and the clientelistic party. When

the voter's preferred policy platform is substantially different from that of the clientelistic party, switching her vote entails a large utility loss, so the machine must compensate her with a more valuable handout. Conversely, a voter who is ideologically close to the clientelistic party incurs only a small utility loss from switching her vote towards the clientelistic party, so her support can be bought with a more modest handout (Stokes, 2005; Stokes et al., 2013). Thus, it is more efficient for a clientelistic party to target ideologically proximate voters, which implies that the voters embedded in a clientelistic machine have, on average, policy preferences that lie close to those of the clientelistic party. This targeting logic has two implications. First, when a positive economic shock makes voters less dependent on clientelistic handouts, they should switch towards the programmatic party whose platform is closest to that of the clientelistic party they formerly supported. Second, a clientelistic party is particularly vulnerable to a positive economic shock when it faces a direct programmatic competitor that occupies a similar ideological position, since its voters have a readily available alternative. As Section 3 discussed, the satellite parties were nominally leftist and mobilized a poor, working-class base, so the voters they bought were, on average, left-leaning low-income voters. The PRD was the direct programmatic competitor for exactly these voters. When the export shock made these voters less dependent on handouts, the PRD was therefore the closest available alternative, which could explain why the opposition gains are concentrated in the PRD rather than in the PAN. While the available data do not allow me to adjudicate between both mechanisms, both accounts are consistent with the erosion of the regime's clientelistic network and inconsistent with the standard economic voting framework, which predicts that the opposition gains should be concentrated in the PAN.

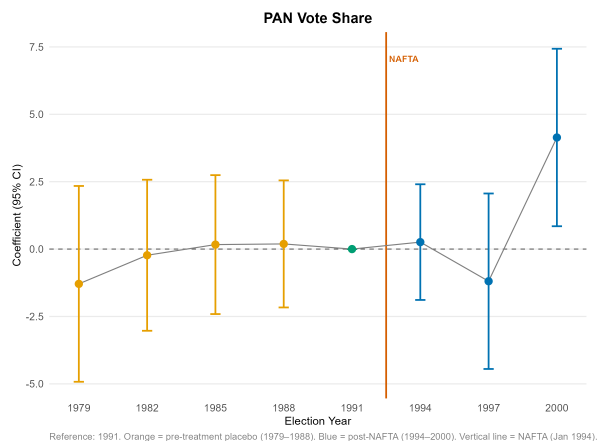
Table 7: Effect of NAFTA Exposure on Opposition Vote Share by Party

Dependent Variable:	PAN (Right)		PRD (Left)	
	(1)	(2)	(3)	(4)
NAFTA Exp. (std.) $\times$ Post	1.242 (1.025)	1.299 (0.9635)	1.581** (0.7424)	1.432** (0.6605)
Demographic & Economic Controls	$\times$	$\checkmark$	$\times$	$\checkmark$
Cluster FE	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Clusters	201	201	201	201
Elections	8	8	8	8
Observations	1,606	1,606	1,606	1,606
Mean of dep. var.	12.83	12.83	7.38	7.38

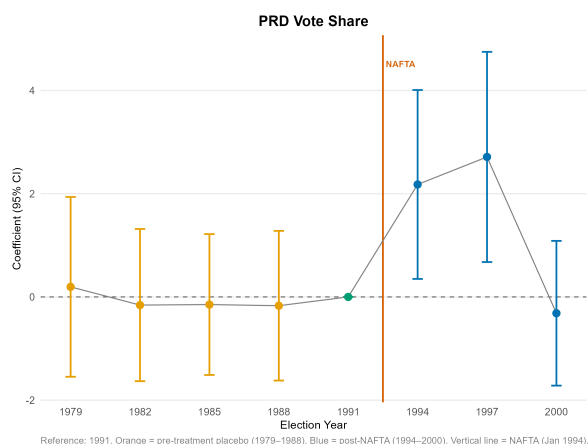
Dependent variable: vote share in percentage points. Columns (2) and (4) add the controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.



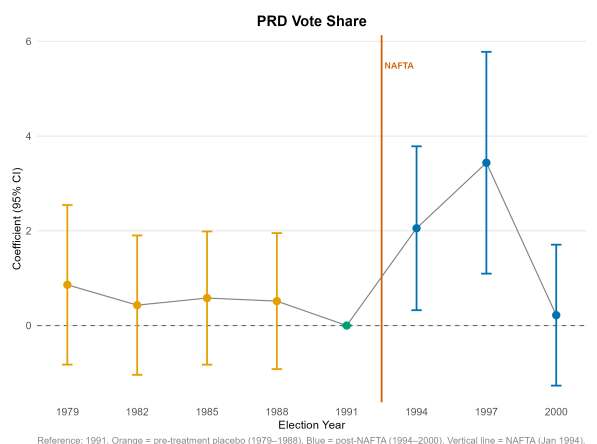
(a) PAN — Basic Controls



(b) PAN — Full Controls



(c) PRD — Basic Controls



(d) PRD — Full Controls

Figure 6: Event Study: PAN and PRD Vote Shares. Reference: 1991. Vertical line = NAFTA (Jan 1994). 95% CI. *Note:* Pre-1991 PRD results correspond to its institutional predecessors (PCM, PSUM, PMS).

7 Robustness Checks

This section shows that the paper’s findings remain consistent across a set of alternative specifications.

7.1 Municipality-level Analysis

First, I show that a municipality-level analysis produces consistent findings. Unfortunately, electoral results for the Chamber of Deputies elections held in the 1970s and 1980s are only available at the congressional-district level. However, municipality-level results are available from the 1991

election (the last pre-NAFTA election) onwards. Thus, while a municipality-level analysis makes it impossible to evaluate pre-trends, it is possible to estimate difference-in-differences models comparing the 1991 election to the three post-NAFTA elections across Mexico's 2,403 municipalities.

Tables 11, 12, and 13 in the paper's appendix show the estimates of this municipality-level analysis. The results are consistent with the paper's core cluster-level analysis: at the municipality level, the NAFTA index is strongly associated with the post-NAFTA growth in manufacturing employment (Table 11). Moreover, as in the core cluster-level analysis, Table 12 shows that higher exposure to the export shock is associated with decreased support for pro-government parties (with losses concentrated in the satellite parties) and increased support for the left-wing opposition PRD. Since the export shock was concentrated in urban municipalities (and most of Mexico's over 2,400 municipalities are highly rural), Table 12 weights each municipality by its pre-NAFTA total population in order to ensure that the estimates reflect the experience of the average voter rather than that of the average municipality. However, as Table 13 shows, the paper's core findings remain significant at conventional levels when using an unweighted municipality-level panel, although the estimated magnitudes decrease as the sample becomes dominated by highly rural municipalities.

7.2 Spatial Autocorrelation and Influential Clusters

Second, I show that the paper's findings are robust to using spatial HAC standard errors. As Figure 1 shows, NAFTA exposure is geographically concentrated and neighboring clusters tend to have similar exposure values. I recompute the core specifications to allow standard errors to be spatially correlated across clusters (Conley spatial-HAC) using 100 km, 250 km, and 500 km cutoffs. Table 15 in the paper's appendix displays these estimates. The core findings remain consistent at the 100–250 km cutoffs. The 500 km cutoff yields standard errors that grow significantly such that the effect of the NAFTA index on left-wing opposition (PRD) vote share is no longer significant at conventional levels. However, the headline findings—reduced support for pro-regime parties and increased support for the opposition—remain significant even at the 500 km cutoff.

Third, I show that the paper's findings are not sensitive to dropping the most influential clusters. Because the exposure variable is right-skewed, a natural concern is that a few high-leverage clusters drive the paper's findings. To address this concern, I identify the most extreme outlier clusters in terms of their NAFTA exposure value (after controlling for their distance to the US and their pre-NAFTA manufacturing employment share) and drop them from the sample. The results are robust to dropping the 10, 15, and 20 highest-leverage clusters (approximately 5, 7, and 10 percent of the sample, respectively): all coefficients retain their sign, and the main findings (increased support for the opposition, decreased support for pro-regime parties) remain significant throughout. Tables 16–18 in Appendix B display these estimates.

7.3 State-level Trends

Additionally, as a more stringent test, I estimate difference-in-differences models that include state-by-election-year fixed effects, which allow each state to follow its own post-NAFTA trajectory so that the identifying variation comes exclusively from comparisons between high- and low-exposure regions within the same state in the same election. I conduct this analysis at the municipality level, where the median state contains 45 municipalities, rather than at the cluster level, where the median state contains five clusters and two states contain a single cluster that a state-by-election-year fixed effect would absorb entirely. As Tables 19 and 20 show, the paper’s findings are robust to these specifications, which indicates that they are not driven by state-level trends or regional idiosyncrasies.

7.4 Migration, Inequality, and Crime

A potential confounder is that NAFTA-induced economic gains could have incentivized migration into high-exposure clusters. Thus, the political shifts could be caused by changes in voter composition rather than the erosion of clientelistic networks. I evaluate this possibility in Appendix B. While high-exposure clusters did receive significantly more migration (Table 21) relative to low-exposure clusters, the paper’s findings are robust to dynamically controlling for the change in migration between 1990 and 2000—i.e., allowing clusters to follow different trends based on the change in their immigrant population between 1990 and 2000. Table 22 in the Appendix shows that the estimates are essentially unchanged.

Another potential concern is that NAFTA-induced economic growth could have increased inequality, resulting in increased demand for redistribution and more support for the programmatic left. While NAFTA did increase inequality between Mexican regions (Hanson, 1997), its local economic effects in high-exposure regions were generally pro-poor (Atkin, 2016). I use microdata on household income from the 1990 and 2000 national censuses to estimate each cluster’s Gini Index before and after NAFTA’s entry into force. Table 23 in Appendix B shows that high-exposure clusters did not experience a significant increase in inequality relative to low-exposure clusters. Moreover, Table 24 shows that the paper’s findings are robust to dynamically controlling for the change in inequality from 1990 to 2000.

Finally, previous research has shown that the post-NAFTA increase in bilateral trade reduced the cost of transporting illegal drugs to the US, which resulted in increased violence along drug-trafficking routes in Mexico as cartels violently competed for control of these lucrative routes (Hidalgo et al., 2026). In this sense, if NAFTA-exposed regions saw increased crime following liberalization, the decline in pro-regime support may result from voters punishing the incumbent for worsening crime rather than a decline in clientelistic mobilization. I use the 1990 and 2000

municipality-level murder rates to estimate the level of violence in each cluster before and after NAFTA¹⁷. Table 25 shows that, after controlling for each cluster’s distance to the US-Mexico border, the NAFTA Index is uncorrelated with the post-NAFTA change in the cluster’s murder rate. Moreover, in Table 26 I dynamically control for each cluster’s post-NAFTA change in murder rates—i.e., I allow clusters to follow different trajectories based on the change in their murder rate between 1990 and 2000. The paper’s estimates remain essentially unchanged after introducing this control.

8 Suggestive Evidence on Clientelism

In this section, I present suggestive evidence that NAFTA weakened the government’s clientelistic networks in regions that were highly exposed to the export shock. I use the microdata from the 2000 census—conducted only a few months before the PRI lost the presidency for the first time—to measure, for each cluster, the share of the population living in a household that received transfers from *Progresa*, the federal government’s flagship antipoverty program. *Progresa* paid a bimonthly cash transfer to poor mothers¹⁸, conditional on their children’s school attendance and regular visits to health clinics. Relative to the blatantly politicized and discretionary programs that preceded it, *Progresa* was markedly more programmatic and employed more transparent, rules-based eligibility criteria (De La O, 2013). Nonetheless, opposition parties widely accused PRI brokers of exploiting the program for political mobilization, and election observers documented threats to withdraw benefits from families that did not support the party (The Carter Center, 2000; Cornelius, 2002). I therefore interpret *Progresa* coverage as an imperfect proxy for a cluster’s clientelistic dependence on the government, rather than as a direct measure of clientelism.

Because *Progresa* coverage is available only in the 2000 census, I cannot estimate a difference-in-differences model and instead estimate the following cross-sectional OLS regression:

$$\text{Progresa Coverage}_c = \alpha + \beta \text{NAFTA Index}_c + \gamma' \mathbf{X}_c + \varepsilon_c,$$

Where $\text{Progresa Coverage}_c$ is the share (in percentage points) of cluster c ’s population living in a household with at least one *Progresa* recipient, NAFTA Index_c is the standardized exposure index, and $\mathbf{X}_c$ is a vector of demographic and economic controls. I use heteroskedasticity-robust standard errors.

Table 8 displays the models’ results. A one standard deviation increase in exposure to the export shock is associated with a 0.9 percentage point decrease in *Progresa* coverage (about 15

¹⁷In this period, murder statistics do not distinguish between drug-related murders and other forms of violence.

¹⁸*Progresa* designated the mother as the household’s beneficiary; transfers were paid to women rather than to men.

Table 8: NAFTA Exposure and PROGRESA Household Coverage (2000)

Dependent Variable:	PROGRESA Coverage (%) (1)
NAFTA Index (std.)	−0.8598** (0.3343)
Mfg. Empl. Share	10.54* (6.017)
Log Dist. to Border	−0.5365 (0.3975)
Log Population	−1.527*** (0.5637)
Marginalization Index	−1.333** (0.6354)
Literacy Rate	3.616 (7.474)
Post-Primary Educ. Share	−37.43*** (5.802)
Urban Share	−2.477 (3.246)
Indigenous Share	−11.98*** (2.670)
Primary Sector Share	−91.32*** (23.32)
Secondary Sector Share	−88.61*** (23.46)
Tertiary Sector Share	−73.54*** (23.87)
Mean of dep. var.	5.61

Dependent variable: share of the cluster's population living in a household with at least one *Progres*a recipient. Robust (HC1) standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

percent of the mean¹⁹). While this result can only be interpreted as suggestive evidence, it is consistent with the paper’s argument that exposure to the post-NAFTA export shock is associated with decreased dependence on clientelistic linkages.

9 Additional Results: Agricultural Communities

As complementary evidence, I examine NAFTA’s effects in the agricultural sector. I study *ejidos*: agricultural communities with collective ownership of lands that the PRI redistributed in the aftermath of the Mexican Revolution. *Ejidors* became a central piece of the regime’s political machine. Rather than granting peasants full property rights over their lands, the PRI created an unstable ownership system in which the government could strip those rights. Because their property rights were weak, peasants could not sell, rent, or use their plots as collateral to obtain credit, which left them dependent on state-provided funding and technical support. Given their dependence on the government, PRI brokers were highly effective at mobilizing *ejido* peasants, who became one of the regime’s core constituencies (Albertus et al., 2016; Larreguy, 2013).

In the 1990s, the technocratic Salinas administration enacted a land reform that allowed *ejido* peasants to acquire full property rights over their plots (de Janvry et al., 2014). Previous research has shown that acquiring property rights was associated with decreased support for the PRI in subsequent elections (de Janvry et al., 2014). In this sense, NAFTA may have played an important role in the *ejidos*’ transition to private land: peasants had strong incentives to pursue property rights in lands well suited to growing export crops. Conversely, peasants in *ejidos* that suddenly faced increased import competition from American agriculture—e.g., *ejidos* endowed for growing maize or wheat—had little incentive to exit their clientelistic dependence on the state.

To evaluate the effect of NAFTA in these agrarian communities, I build an index combining two features. First, the index leverages each *ejido*’s geographic endowment for growing different crops. To estimate this, I use the FAO’s crop-suitability rasters for 45 crops. Second, for each crop, I estimate Mexico’s and the United States’ pre-NAFTA revealed comparative advantage.²⁰ The revealed comparative advantage (RCA) is an index that infers a country’s relative specialization in a good from observed trade flows. For each country-product pair, it evaluates whether the product accounts for a disproportionately large share of the country’s exports relative to the product’s share of world exports. For instance, if product j accounts for 20% of country i ’s exports but only 5% of world exports, then country i ’s revealed comparative advantage in product j is $\frac{0.2}{0.05} = 4$. Intuitively, the index assumes that a country is likely to have a comparative advantage in a given

¹⁹The variable’s mean coverage of 5.6 percent of the population is certainly an undercount. Underreporting of income is widespread in Mexican censuses and surveys (Esquivel et al., 2024).

²⁰I use UN Comtrade data for 1991, and I match each agricultural product (HS-6) to a crop using a large language model (GPT-4).

product if its export basket is highly specialized in that product. A country's realized export flows also reflect trade policy, transportation costs, and demand-side factors, which need not be related to comparative advantage. However, extensive evidence documents that agricultural trade flows in particular are to a large extent explained by fixed agro-climatic endowments (Costinot and Donaldson, 2012; Estevadeordal and Taylor, 2002; Debaere, 2014). Thus, in the case of agricultural products, much of the cross-country variation in RCAs is driven by plausibly exogenous differences in agro-climatic endowments. Consistent with the idea that agricultural RCAs reflect underlying comparative advantages, each country's pre-NAFTA crop-level RCAs are significantly associated with post-NAFTA shifts in bilateral agricultural trade (Table 29 in Appendix E). I combine *ejido* level agroclimatic suitability and country-crop RCAs to build the following index:

$$\text{NAFTA Agricultural Index}_e = \sum_j \left(\frac{\text{RCA}_{\text{MEX},j}}{\text{RCA}_{\text{USA},j}} \right) \times \text{Suitability}_{e,j}$$

where $\text{RCA}_{\text{MEX},j}$ and $\text{RCA}_{\text{USA},j}$ denote, respectively, Mexico's and the United States' pre-NAFTA revealed comparative advantage in crop j , and $\text{Suitability}_{e,j}$ is the agro-ecological suitability of *ejido* e 's land for growing crop j . Intuitively, the index takes high values for *ejidos* whose land is well suited to growing crops in which Mexico was a net exporter (e.g., tomatoes or avocados), and low values for those suited to crops in which the United States was a net exporter (e.g., maize, wheat, soy). Following Borusyak et al. (2022), all specifications control for each *ejido*'s total suitability—i.e., the sum of all suitabilities across all crops—so that the identifying variation comes from the *composition* of an *ejido*'s agro-ecological endowment rather than from some *ejidos* being more fertile than others. Figure 7 maps the geographic distribution of this index across *ejidos*.

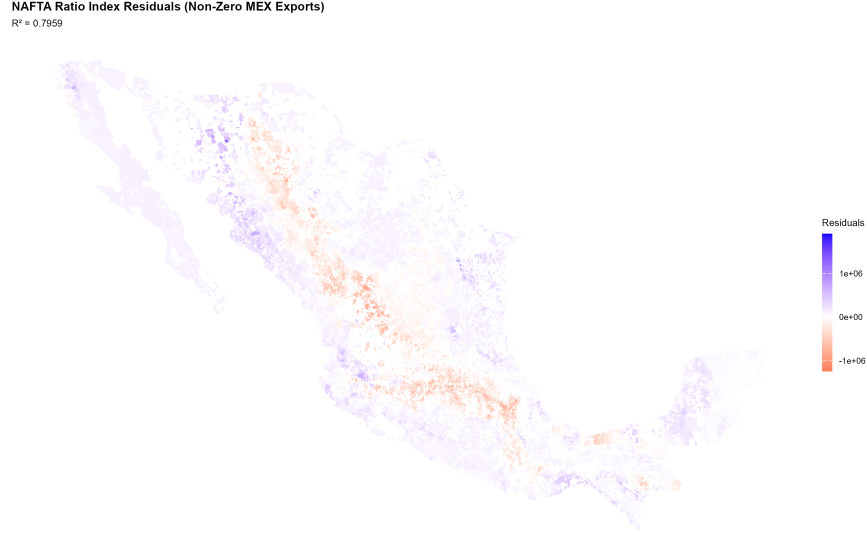


Figure 7: NAFTA Index: Geographic Distribution (Ejidos). Residualized NAFTA index across ejido precincts. **Blue** = NAFTA winners; **Red** = NAFTA losers.

To measure electoral outcomes, I use digitized maps of every *ejido* in the country and match an *ejido* to an electoral precinct (*sección*, the most fine-grained electoral unit) when at least two-thirds of the precinct's area falls inside the *ejido*.²¹ As noted above, electoral results for pre-1991 legislative elections are available only at the congressional-district level. Because 1991 was the last pre-NAFTA election, this lack of fine-grained data makes it impossible to evaluate pre-NAFTA trends, as I do in the manufacturing analysis. I estimate the following difference-in-differences specification:

$$Y_{st} = \alpha_s + \gamma_t + \beta \cdot (\text{NAFTA Index}_s \times \text{After}_t) + \delta'(\mathbf{X}_s \times \text{After}_t) + \varepsilon_{st}$$

where Y_{st} is a party's vote share in precinct s at election t ; α_s and γ_t are precinct and election-year fixed effects; After_t indicates the post-NAFTA elections (1994–2000); and $\mathbf{X}_s$ is a set of geographic controls: the precinct's longitude, latitude, average precipitation and temperature, *ejido* area, and total crop suitability. As in the manufacturing-based analysis, I standardize the index, so coefficients measure the effect of a one-standard-deviation increase in NAFTA exposure, and I cluster standard errors at the precinct level.

Table 9 displays the estimates. The agricultural results closely mirror the findings from the

²¹The findings are also robust to a 50% or 90% overlap threshold. Appendix D shows the corresponding results.

Table 9: NAFTA Exposure and Vote Shares: Agricultural Communities (*Ejidors*)

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	2.188*** (0.4721)	2.791*** (0.5671)	0.6029 (0.4338)	-4.064*** (0.6463)	-4.226*** (0.6376)	-0.1615 (0.2941)
Geographic & Climate Controls	✓	✓	✓	✓	✓	✓
Precinct FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Precincts	6,078	6,078	6,078	6,078	6,078	6,078
Elections	4	4	4	4	4	4
Observations	23,978	23,978	23,978	23,978	23,978	23,978
Mean of dep. var.	19.43	34.69	15.26	55.59	58.35	2.76

Standard errors clustered at the precinct level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

manufacturing-based analysis: the regime lost significant support in *ejidos* better endowed to benefit from NAFTA's export opportunities. A one standard deviation increase in the agricultural index is associated with a four percentage point decrease in the pro-regime vote share. In contrast to the manufacturing analysis, however, these losses are concentrated in the PRI itself rather than in the satellite parties. The regime's rural mobilization structure offers a plausible explanation. The satellite parties drew on a relatively urban working-class base (Figure 4), so they had few rural votes to lose. More importantly, as a central piece of the regime's electoral machine, clientelistic mobilization in *ejidos* was handled directly by PRI brokers. Thus, it is possible that the PRI itself, rather than its satellites, was most exposed to the erosion of clientelism in *ejidos*. Figure 8 plots the corresponding event-study trajectories for the pro-regime coalition, the PRI, and the satellite parties.

As in the manufacturing case, the left-wing opposition was the main beneficiary of this shift: a one standard deviation increase in the agricultural index is associated with a two percentage point increase in the PRD's vote share, while the change in the PAN's vote share is small and statistically insignificant. This pattern is difficult to reconcile with the standard economic voting model, which would predict that PAN, the most pro-trade party, would benefit. It is, however, consistent with this paper's argument: by loosening *ejido* peasants' clientelistic dependence on the regime, the export shock allowed the (mostly poor) peasants to switch their support towards a party with programmatic pro-poor policies. Given the lack of data on pre-trends, these findings should be interpreted as suggestive evidence that complements the paper's core findings. Nevertheless, this analysis shows that the highly clientelistic pro-regime parties consistently suffered important electoral losses in Mexican regions that benefited economically from NAFTA.

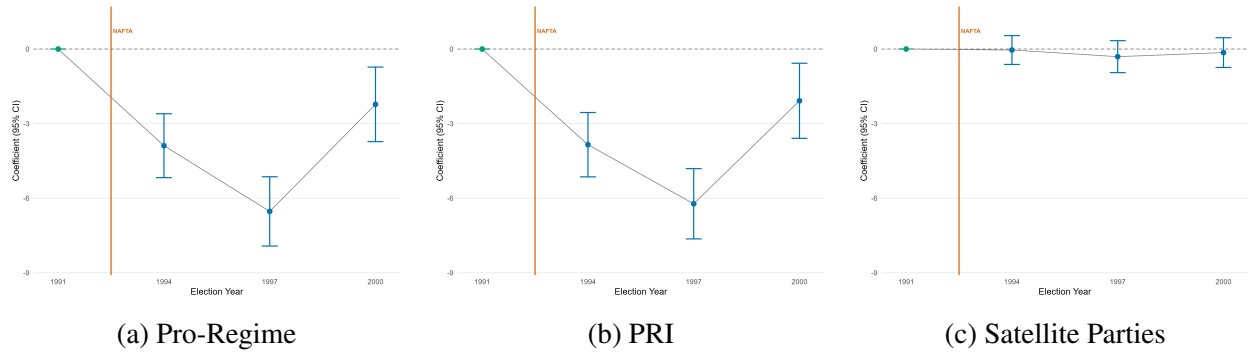


Figure 8: Event Study: Regime Vote Shares (Ejidos). Reference: 1991. Vertical line = NAFTA (Jan 1994). 95% CI.

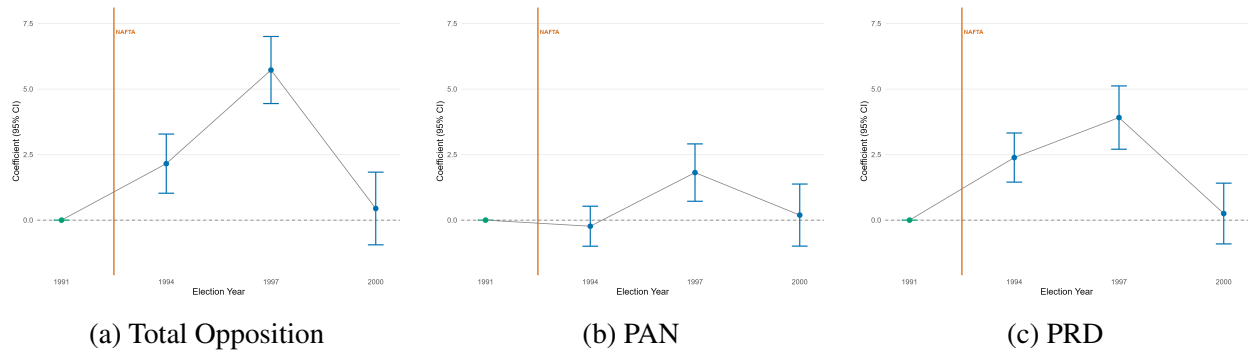


Figure 9: Event Study: Opposition Vote Shares (Ejidos). Reference: 1991. Vertical line = NAFTA (Jan 1994). 95% CI.

10 Final Remarks

Globalization has produced major economic transformations in both developed and developing countries. An extensive literature documents that economic losses caused by globalization have substantially reshaped the politics of developed democracies by generating backlash against incumbents (Margalit, 2011; Colantone and Stanig, 2018a), increasing polarization (Autor et al., 2020), and strengthening populist movements (Colantone and Stanig, 2018b; Dippel et al., 2022). Yet we know comparatively little about how globalization has impacted the politics of developing countries, where international trade has likewise resulted in major economic change. This gap is compounded by the fact that political conditions in developing countries differ substantially from those of developed democracies (e.g., substantial clientelism, electoral violence, and weak party systems), which limits the generalizability of insights drawn from the developed world.

This paper contributes to addressing this gap by studying the political consequences of NAFTA in Mexico. I show that, contrary to the conventional wisdom that trade's winners reward incumbents, economic gains caused by trade can weaken incumbents in the developing world by undermining their capacity to mobilize low-income voters through state-sponsored clientelism. I argue that, in labor-abundant developing countries, trade liberalization can produce an income shock that is (i) pro-poor, since new employment is concentrated in labor-intensive, low-skill industries; (ii) irrevocable, since the gains lie outside the incumbent's control; and (iii) durable, since liberalization is hard to reverse. These three features reduce voters' dependence on clientelistic machines, which allows them to vote for the programmatic parties aligned with their policy preferences instead of the incumbent's machine.

To evaluate this argument, I exploit geographic variation in NAFTA exposure through a shift-share design based on pre-NAFTA industrial specialization in manufacturing regions and crop suitability in agrarian communities. I find that exposure to NAFTA-induced economic gains is associated with decreased support for Mexico's incumbent clientelistic parties. Consistent with the paper's argument, electoral gains are concentrated in the left-wing PRD, a party that lacked strong clientelistic networks but offered pro-poor policies that appealed to the low-income voters NAFTA freed from clientelistic dependence. Since the two scope conditions that underpin these findings—a labor-abundant economy, so that trade liberalization benefits low-income workers by creating new employment opportunities, and an incumbent that depends on clientelism to mobilize them—are common in the developing world, the dynamic documented here is likely to generalize well beyond the single case of NAFTA-era Mexico.

These findings have important policy implications. Clientelism is widespread in the developing world and a major hurdle for democratic accountability and representation: incumbents who can leverage the state's resources to mobilize large numbers of voters are largely insulated from elec-

toral pressure (Stokes et al., 2013; Hicken, 2011). Moreover, the existence of large clientelistic networks implies that a large set of voters embedded in these networks, often the most economically vulnerable, cannot express their genuine policy preferences through their vote. Since clientelistic arrangements depend on voters' economic insecurity, a natural question is what can break these links. This paper shows that free trade can play a role in undermining clientelistic dependence in the developing world. This finding is highly relevant in a context of rising protectionism and growing automation, trends that could have a major negative impact on export-based manufacturing employment in the developing world. An open question is how such changes will affect the politics of developing countries, and whether they will result in the reestablishment of clientelistic dependence.

The paper's findings also raise a further question: if free trade erodes the incumbent's clientelistic mobilization capacity, why would an incumbent from a clientelistic regime ever liberalize trade? The Mexican case suggests that factional dynamics play a key role. Since the regime's electoral machine was largely controlled by President Salinas' internal opponents, its weakening was detrimental to the regime as a whole but rational for Salinas, who could use liberalization to weaken his coalitional rivals. This logic suggests that incumbents have incentives to pursue or resist liberalization depending on how clientelistic capacity is distributed within their ruling coalition. Future research can analyze how clientelism influences the trade policies adopted by incumbents in the developing world.

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A Evidence from the DFS Surveillance Files

This section presents evidence from the DFS surveillance files that documents the *satellite* parties' clientelistic practices. The Federal Security Directorate was the Federal Government's main intelligence agency from its 1947 founding until its dissolution in 1985. In practice, the DFS functioned as the regime's political police, and its activities included the surveillance of activists, unions, and politicians from all political parties—including the PRI and its allied *satellite* parties (Aguayo Quezada, 2001). Throughout its nearly four decades of operation, the DFS compiled an extensive collection of intelligence reports and index cards on individuals and organizations across the political spectrum. Importantly for the purposes of this paper, DFS agents regularly followed candidates during electoral campaigns and reported to the Federal government on their activities. After the PRI lost the presidency in 2000, the DFS intelligence files were transferred to Mexico's national archive, the Archivo General de la Nación (AGN), and are now publicly available through the archive's digital repository.

Such intelligence files constitute a valuable primary source documenting the campaigning activities of all political parties in this period.²² The DFS intelligence files extensively document the *satellite* parties' reliance on handout-based clientelistic mobilization. For instance, one file (AGN-DFS F57/C6-182) reports on a "political-cultural event" (*acto político cultural*) organized by the Authentic Party of the Mexican Revolution (PARM) in Cuilapan de Guerrero, Oaxaca, in the lead-up to the 1985 federal elections. During the event, the party raffled food packages (*despensas*) and livestock among the attendees:

"Cuilapan de Guerrero, Oax.- This afternoon, in this locality's sports court, a political-cultural event was held, which was organized by the regional committee of the party in question and led by JAIME CASTELLANOS FRANCO, the party's president, with approximately 2,000 people in attendance. This event was organized with the purpose of proselytizing on behalf of the party and as promotion for the upcoming federal elections. The event included a series of dances and **raffles of food packages, three head of cattle, and six goats among those attending the event.** Their leader urged them to stay attentive to the nomination of the party's candidates for federal legislators [...]"²³

²²The records cited in this appendix are DFS index cards (*fichas de consulta*) held at the Archivo General de la Nación, Mexico City, Fondo DFS, versión pública (hereafter AGN-DFS, cited by each card's archival reference). All translations are my own, and boldface emphasis within the quotations is added. The original Spanish of each quoted passage is transcribed in the accompanying footnote, correcting minor typographical errors in the typescript.

²³AGN-DFS F57/C6-182 (exp. 020-037-004, 6-Feb-1985). The original Spanish reads: "Cuilapan de Guerrero, Oax.- Hoy por la tarde, en la cancha municipal de esta localidad, se llevó a cabo un acto político cultural, organizado por el comité regional del partido de referencia, encabezados por el Presidente del Partido Prof. JAIME CASTELLANOS FRANCO y con asistencia de aproximadamente 2,000 personas.- Este acto fue con el objeto de hacer labor

Another file (AGN-DFS F15/C5-2218) is the personal card of Alejandro Méndez Avendaño, the Popular Socialist Party (PPS) candidate in an extraordinary mayoral election held in Teziutlán, Puebla, in August 1978. The file states that Méndez Avendaño's campaigning activities included handing out gifts in the town's marginalized neighborhoods:

“On the 22nd of the current month, he [Méndez Avendaño] visited households and handed out gifts in neighborhoods on the periphery.”²⁴

Moreover, file AGN-DFS F58/C4-3040 documents the Socialist Workers Party (PST)²⁵ distributing clothing and food in Mexico City in the aftermath of the September 1985 earthquake. According to the file, the party would only distribute goods to party members and non-members who agreed to join the party:

“MARIANO LÓPEZ RAMOS, Secretary of Organization of this Party's Central Committee, stated that, because the premises of this Party's Municipal Committee in the Cuauhtémoc borough collapsed, a new operations center will be installed in said borough, at 116 Ecuador Street, where the needs of PST militants will be attended to, supplying clothing and provisions to those who require them, he further added that persons who are not members of the Party will be attended to on the condition that they join it; he lastly noted that, given the serious damage suffered by the Central Committee's premises in the Hipódromo Condesa neighborhood, the location where those offices will operate will be determined shortly.”²⁶

The above examples serve to illustrate the transactional clientelistic strategies used by the *satellite* parties. Table 10 lists several additional DFS files that further document the *satellite* parties' use of clientelism and their links to brokers in marginalized communities.

de proselitismo en favor de su partido y como promoción a las próximas elecciones federales habiéndose realizado una serie de bailables y rifas de despensas, tres reses y 6 chivos entre los asistentes a dicho acto.- Su dirigente los exhortó estar pendiente de la nominación de sus candidatos a Legisladores federales [...]” The entry ends mid-sentence at the edge of the card.

²⁴AGN-DFS F15/C5-2218 (exp. 100-19-1-78, L-66, H-72, 23-Aug-1978). The original Spanish reads: “El 22 actual realizó visitas domiciliarias y entregó obsequios en diferentes colonias de la periferia.”

²⁵In 1987, the Socialist Workers Party was renamed the Party of the Cardenist Front for National Reconstruction (PFCRN), which is how it is referred to throughout the paper.

²⁶AGN-DFS F58/C4-3040 (exp. 009-037-018, 26-Sep-1985). The original Spanish reads: “MARIANO LÓPEZ RAMOS, Srío. de Organización del Comité Central de este Partido, manifestó que debido a que el Local del Comité Mpal. de este Partido en la Delegación Política Cuauhtémoc se derrumbó, se instalará un nuevo centro de operaciones en dicha Delegación, en la calle de Ecuador No. 116, donde se atenderán las necesidades de los militantes del PST, que los abastecerá de ropa y víveres a quienes lo requieran, agregando que las personas que no sean del Partido, serán atendidas con la condición de que se integren al mismo, por último señaló que en virtud de los serios daños que sufrió el local del Comité Central en la Col. Hipódromo Condesa, próximamente se determinará el lugar en donde operarán dichas oficinas.”

Table 10: Additional DFS cards documenting the *satellite* parties' clientelistic practices

Card	Party	Year	Content
F17/C7-1090	PARM	1963	A PARM veterans' group announces the party will distribute clothing and food packages in Mexico City to party affiliates.
F19/C10-2502	PARM	1963	A leader of the PARM's women's wing announces the distribution of used clothing and food packages in the party's headquarters.
F19/C10-2504	PARM	1963–64	The same leader delivers food packages to the party's female members and announces the party will distribute toys for affiliates' children. She later becomes a PARM congressional candidate.
F4/C7-3135	PPS	1978	Reports that both the PPS and PRI candidates in Teziutlán's 1978 municipal election made house visits and handed out gifts in peripheral neighborhoods.
F30/C9-2289	PST	1982	Personal card of a PST congressional candidate who led a group of squatters (<i>colonos</i>).
F58/C8-840	PST	1982	In Xalisco, Nayarit, a PST candidate leads 150 squatters (<i>colonos</i>) demanding the expropriation of the invaded plot they occupy, following an agreement with the governor.
F35/C1-2781	PST	1984	In Lázaro Cárdenas, Michoacán, the PST's housing secretary distributes 300 land lots to party members, prompting the intervention of the federal land-regularization agency.
F68/C7-329	PST	1984	Organizational card of a PST-affiliated street-vendors' union operating in Jalisco's low-income neighborhoods.
F58/C5-2325	PST	1984	The PST's Villahermosa committee presses the state housing agency to process the party's applications for housing lots and to deliver building materials.
F43/C7-18	PST	1985	Personal card of a Tabasco PST leader recording a meeting of some 100 street vendors affiliated with the party in protest against a municipal crackdown on street vending.

B Robustness Tables

This appendix reports the full results for the robustness checks summarized in Section 7.

B.1 Municipality-Level Analysis

This appendix presents the municipality-level analysis discussed in Section 7. Table 11 displays the municipality-level first stage: a two-period difference-in-differences model of log manufacturing employment in the 1989 and 1999 Industrial Censuses on the NAFTA index interacted with the post-NAFTA indicator, with and without the full set of demographic and economic controls and with and without population weights. Tables 12 and 13 display the estimates of the municipality-level electoral difference-in-differences models for the four elections held between 1991 and 2000. While Mexico has over 2,400 municipalities, a large proportion of them are scarcely populated. Thus, Table 12 weights each municipality by its pre-NAFTA population, and Table 13 reports the unweighted estimates. The estimates are consistent with the paper's core analysis.

Table 11: First Stage at the Municipality Level: NAFTA Index and Manufacturing Employment

Dependent Variable:	Log Manufacturing Employment			
	(1)	(2)	(3)	(4)
NAFTA Index (std.) $\times$ Post	0.2295*** (0.0282)	0.1857*** (0.0282)	0.2283*** (0.0559)	0.2385*** (0.0581)
Mfg. Empl. Share $\times$ Post	-4.5278*** (0.3430)	-3.8234*** (0.3766)	-4.1182*** (0.7522)	-4.5279*** (0.8439)
Log Dist. to Border $\times$ Post	-0.1508*** (0.0214)	-0.1461*** (0.0258)	-0.1034*** (0.0337)	-0.1032*** (0.0350)
Demographic & Economic Controls	$\times$	$\checkmark$	$\times$	$\checkmark$
Weighted by 1990 Population	$\checkmark$	$\checkmark$	$\times$	$\times$
Municipality FE	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Municipalities	2,151	2,151	2,151	2,151
Periods	2	2	2	2
Observations	4,302	4,302	4,302	4,302

Dependent variable: $\log(1 + \text{manufacturing employment})$, measured in the 1989 and 1999 Industrial Censuses. Columns (2) and (4) add the controls described in Section 5. Columns (1) and (2) are weighted by 1990 municipal population. Standard errors clustered at the municipality level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 12: Robustness: Municipality-Level Analysis

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	1.448*** (0.4523)	1.560** (0.6339)	0.1123 (0.5389)	-0.04791 (0.4607)	-1.644** (0.6565)	-1.596** (0.6686)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Municipality FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Municipalities	2,403	2,403	2,403	2,403	2,403	2,403
Elections	4	4	4	4	4	4
Observations	9,574	9,574	9,574	9,574	9,574	9,574
Mean of dep. var.	16.91	33.01	16.10	57.20	60.12	2.92

Dependent variable: vote share in percentage points. All specifications include the controls described in Section 5. Estimates are weighted by 1990 municipal population. Standard errors clustered at the municipality level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 13: Robustness: Municipality-Level Analysis (Unweighted)

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	0.3849* (0.2268)	0.4037* (0.2133)	0.01880 (0.3165)	-0.1556 (0.1758)	-0.5927*** (0.2000)	-0.4372*** (0.1466)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Municipality FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Municipalities	2,403	2,403	2,403	2,403	2,403	2,403
Elections	4	4	4	4	4	4
Observations	9,574	9,574	9,574	9,574	9,574	9,574
Mean of dep. var.	16.91	33.01	16.10	57.20	60.12	2.92

Dependent variable: vote share in percentage points. All specifications include the controls described in Section 5. Standard errors clustered at the municipality level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

B.2 Spatial Standard Errors

As a robustness check, I re-estimate the baseline and full electoral specifications with Conley spatial-HAC standard errors at distance cutoffs of 100, 250, and 500 km.

Table 14: NAFTA Exposure and Vote Share: Spatial (Conley) Standard Errors — Baseline Controls

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
<i>Panel A: Conley cutoff = 100 km</i>						
NAFTA Exp. (std.) $\times$ Post	1.581** (0.8060)	2.824** (1.212)	1.242 (1.189)	-0.1301 (1.316)	-2.592** (1.281)	-2.462** (1.120)
<i>Panel B: Conley cutoff = 250 km</i>						
NAFTA Exp. (std.) $\times$ Post	1.581* (0.8080)	2.824** (1.117)	1.242 (0.9961)	-0.1301 (1.186)	-2.592** (1.117)	-2.462* (1.259)
<i>Panel C: Conley cutoff = 500 km</i>						
NAFTA Exp. (std.) $\times$ Post	1.581** (0.7723)	2.824*** (0.6956)	1.242** (0.5026)	-0.1301 (1.428)	-2.592*** (0.7619)	-2.462 (1.626)
Demographic & Economic Controls	$\times$	$\times$	$\times$	$\times$	$\times$	$\times$
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606

Each panel reports Conley spatial-HAC standard errors with the indicated distance cutoff; point estimates are identical across panels. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 15: NAFTA Exposure and Vote Share: Spatial (Conley) Standard Errors — Full Controls

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
<i>Panel A: Conley cutoff = 100 km</i>						
NAFTA Exp. (std.) $\times$ Post	1.432* (0.7534)	2.731*** (0.9812)	1.299 (1.116)	-0.1788 (1.241)	-2.787** (1.102)	-2.608** (1.124)
<i>Panel B: Conley cutoff = 250 km</i>						
NAFTA Exp. (std.) $\times$ Post	1.432** (0.7295)	2.731*** (0.8250)	1.299 (0.8546)	-0.1788 (0.8015)	-2.787*** (0.8136)	-2.608** (1.162)
<i>Panel C: Conley cutoff = 500 km</i>						
NAFTA Exp. (std.) $\times$ Post	1.432 (0.9894)	2.731*** (0.7933)	1.299*** (0.4994)	-0.1788 (1.020)	-2.787*** (0.9356)	-2.608* (1.566)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606

Each panel reports Conley spatial-HAC standard errors with the indicated distance cutoff; point estimates are identical across panels. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

B.3 Influential Clusters

The following Tables show that the paper's findings are robust to dropping the 10, 15, and 20 most extreme outlier clusters after controlling for the cluster's manufacturing employment share and distance to the Mexico-US border.

Table 16: Robustness: Dropping the Ten Highest-Leverage Clusters

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	3.876** (1.857)	6.025*** (2.203)	2.149 (1.792)	-2.025 (2.098)	-5.757** (2.507)	-3.732** (1.862)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	191	191	191	191	191	191
Elections	8	8	8	8	8	8
Observations	1,526	1,526	1,526	1,526	1,526	1,526
Mean of dep. var.	7.59	19.76	12.17	61.43	67.86	6.43

The sample excludes the 10 clusters with the largest standardized residuals of the NAFTA index. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 17: Robustness: Dropping the Fifteen Highest-Leverage Clusters

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	5.403*** (2.065)	6.575*** (2.156)	1.172 (1.871)	-2.750 (2.115)	-6.684*** (2.466)	-3.935* (2.056)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	186	186	186	186	186	186
Elections	8	8	8	8	8	8
Observations	1,486	1,486	1,486	1,486	1,486	1,486
Mean of dep. var.	7.60	19.53	11.93	61.65	68.11	6.46

The sample excludes the 15 clusters with the largest standardized residuals of the NAFTA index. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 18: Robustness: Dropping the Twenty Highest-Leverage Clusters

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	7.329*** (2.036)	7.031*** (2.302)	-0.2978 (1.913)	-2.797 (2.505)	-7.798*** (2.723)	-5.002** (2.094)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	181	181	181	181	181	181
Elections	8	8	8	8	8	8
Observations	1,446	1,446	1,446	1,446	1,446	1,446
Mean of dep. var.	7.62	19.41	11.79	61.80	68.25	6.45

The sample excludes the 20 clusters with the largest standardized residuals of the NAFTA index. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

B.4 State-by-Year Fixed Effects

Tables 19 and 20 add state-by-year fixed effects to the population-weighted and unweighted municipality-level models. In these models, identification comes from within-state variation in exposure.

Table 19: Robustness: Municipality-Level Analysis with State-by-Year Fixed Effects (Population-Weighted)

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	0.5178** (0.2516)	1.129*** (0.3286)	0.6114* (0.3334)	-0.4035 (0.2739)	-1.389*** (0.3154)	-0.9854*** (0.3032)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Municipality FE	✓	✓	✓	✓	✓	✓
State $\times$ Year FE	✓	✓	✓	✓	✓	✓
Municipalities	2,403	2,403	2,403	2,403	2,403	2,403
Elections	4	4	4	4	4	4
Observations	9,574	9,574	9,574	9,574	9,574	9,574
Mean of dep. var.	16.91	33.01	16.10	57.20	60.12	2.92

Dependent variable: vote share in percentage points. Year fixed effects are replaced by state-by-year fixed effects. All specifications include the controls described in Section 5. Estimates are weighted by 1990 municipal population. Standard errors clustered at the municipality level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 20: Robustness: Municipality-Level Analysis with State-by-Year Fixed Effects (Unweighted)

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	0.2757** (0.1209)	0.3706 (0.2285)	0.09490 (0.2653)	-0.1775 (0.2174)	-0.5538*** (0.1898)	-0.3764*** (0.1215)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Municipality FE	✓	✓	✓	✓	✓	✓
State $\times$ Year FE	✓	✓	✓	✓	✓	✓
Municipalities	2,403	2,403	2,403	2,403	2,403	2,403
Elections	4	4	4	4	4	4
Observations	9,574	9,574	9,574	9,574	9,574	9,574
Mean of dep. var.	16.91	33.01	16.10	57.20	60.12	2.92

Dependent variable: vote share in percentage points. Year fixed effects are replaced by state-by-year fixed effects. All specifications include the controls described in Section 5. Standard errors clustered at the municipality level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

B.5 Migration

I evaluate the association between exposure to the post-NAFTA export shock and changes in migration patterns. I use the microdata from the 1990 and 2000 censuses to estimate each cluster's share of immigrants. I then estimate a two-period difference-in-differences model where the share of migrant population is the dependent variable. Table 21 shows that the NAFTA index is associated with increased migration.

Table 21: NAFTA Exposure and Immigration

Dependent Variable:	Immigrant Population Share		
	(1)	(2)	(3)
NAFTA Exp. (std.) $\times$ Post	0.0079*** (0.0028)	0.0069** (0.0028)	0.0069** (0.0030)
Manufacturing Share $\times$ Post	✓	✓	✓
Demographic & Economic Controls	×	✓	✓
Cluster & Year FE	✓	✓	✓
SE Clustered by	Cluster	Cluster	State
Observations	402	402	402

Dependent variable: share of the cluster's population born in a different state or abroad. Standard errors clustered at the cluster (columns 1–2) or state (column 3) level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

To evaluate whether increased migration explains the political shifts in high-exposure regions, I control for the interaction of $\Delta_{1990-2000}\text{Migrant Pop.} \times \text{After}_t$. In other words, I allow clusters to follow different trajectories based on the magnitude of the post-NAFTA growth in migration. Table 22 displays the corresponding estimates of a set of difference-in-differences models that include this control. The results remain consistent.

Table 22: Robustness: Migration Control

Dependent Variable:	PRD %	Opp. %	PAN %	PRI %	Pro-Regime	Satellite
	(1)	(2)	(3)	(4)	(5)	(6)
NAFTA Exp. (std.) $\times$ Post	1.549** (0.6767)	2.838*** (1.016)	1.288 (0.9573)	−0.3848 (1.050)	−2.925*** (1.066)	−2.540** (1.164)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606
Mean of dep. var.	7.38	20.21	12.83	61.05	67.41	6.36

All specifications additionally control for the 1990–2000 change in the cluster's immigrant population share interacted with the post-NAFTA indicator. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

B.6 Inequality

Similarly, I use the 1990 and 2000 census microdata to evaluate whether NAFTA exposure increased within-cluster inequality. I use each cluster's income microdata to estimate the cluster's Gini Index in 1990 and 2000. I then estimate a two-period difference-in-differences model where the cluster-level Gini Index is the dependent variable. Table 23 shows that the NAFTA index has no effect on local inequality. Moreover, Table 24 shows that dynamically controlling for $\Delta_{1990-2000} \text{Gini}_c \times \text{After}_t$ barely affects the magnitude and significance of the estimates.

Table 23: NAFTA Exposure and the Change in Income Inequality

Dependent Variable:	Δ Income Gini (1990–2000)		
	(1)	(2)	(3)
NAFTA Exp. (std.)	0.0062 (0.0045)	0.0039 (0.0053)	0.0039 (0.0053)
Manufacturing-Share Control	✓	✓	✓
Demographic & Economic Controls	×	✓	✓
SE Clustered by	Cluster	Cluster	State
Observations	201	201	201

Dependent variable: 1990–2000 change in the cluster's income Gini index. Standard errors clustered at the cluster (columns 1–2) or state (column 3) level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 24: Robustness: Inequality Control

Dependent Variable:	PRD %	Opp. %	PAN %	PRI %	Pro-Regime	Satellite
	(1)	(2)	(3)	(4)	(5)	(6)
NAFTA Exp. (std.) $\times$ Post	1.444** (0.6614)	2.690** (1.036)	1.246 (0.9776)	−0.1345 (0.9930)	−2.781*** (1.067)	−2.646** (1.094)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606
Mean of dep. var.	7.38	20.21	12.83	61.05	67.41	6.36

All specifications additionally control for the 1990–2000 change in the cluster's income Gini index interacted with the post-NAFTA indicator. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

B.7 Crime

I evaluate the association between exposure to the post-NAFTA export shock and changes in violent crime. I use INEGI's vital statistics on murders by municipality of occurrence to compute each cluster's murder rate per 100,000 inhabitants in 1990 and 2000. I then estimate a two-period difference-in-differences model where the murder rate is the dependent variable. Table 25 shows that the NAFTA index is not significantly associated with the post-NAFTA change in murder rates.

Table 25: NAFTA Exposure and Crime

Dependent Variable:	Homicide Rate (per 100,000)		
	(1)	(2)	(3)
NAFTA Exp. (std.) $\times$ Post	0.5499 (1.3720)	-0.9414 (1.3683)	-0.9414 (1.3956)
Manufacturing Share $\times$ Post	✓	✓	✓
Demographic & Economic Controls	$\times$	✓	✓
Cluster & Year FE	✓	✓	✓
SE Clustered by	Cluster	Cluster	State
Observations	402	402	402

Dependent variable: murders per 100,000 inhabitants. Standard errors clustered at the cluster (columns 1–2) or state (column 3) level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

To evaluate whether changes in violence explain the political shifts in high-exposure regions, I control for the interaction of $\Delta_{1990-2000}\text{Murder Rate} \times \text{After}_t$. In other words, I allow clusters to follow different trajectories based on the magnitude of the post-NAFTA change in their murder rate. Table 26 displays the corresponding estimates of a set of difference-in-differences models that include this control. The results remain consistent.

Table 26: Robustness: Crime Control

Dependent Variable:	PRD %	Opp. %	PAN %	PRI %	Pro-Regime	Satellite
	(1)	(2)	(3)	(4)	(5)	(6)
NAFTA Exp. (std.) $\times$ Post	1.410** (0.6606)	2.705*** (1.008)	1.296 (0.9649)	-0.3008 (0.9574)	-2.771*** (1.056)	-2.470** (0.9965)
Demographic & Economic Controls	✓	✓	✓	✓	✓	✓
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606
Mean of dep. var.	7.38	20.21	12.83	61.05	67.41	6.36

All specifications additionally control for the 1990–2000 change in the cluster's murder rate per 100,000 inhabitants interacted with the post-NAFTA indicator. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

C Distribution of the Exposure Variable

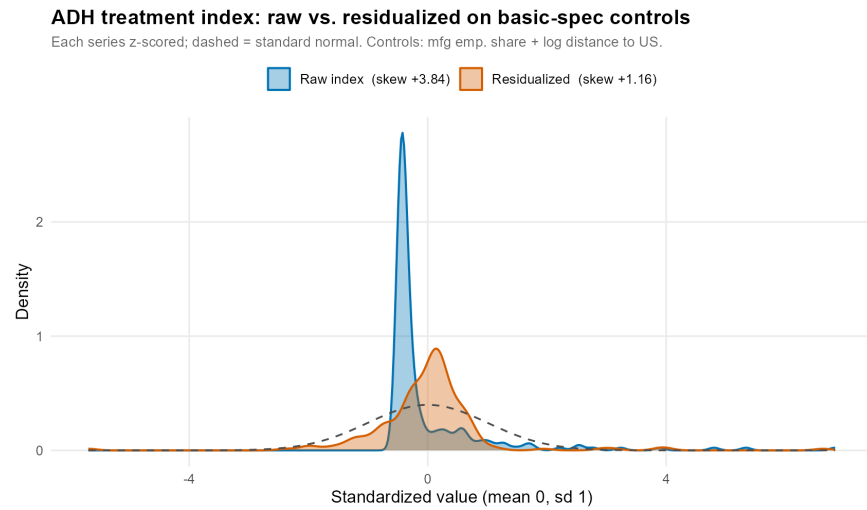


Figure 10: Distribution of the NAFTA index, raw versus residualized. The raw NAFTA index is heavily right-skewed, whereas the residualized variation—i.e. the index after conditioning on manufacturing employment share and distance to the Mexico-US border—is much more symmetric. Both series are standardized to have mean zero and unit variance.

D Ejido Overlap-Threshold Robustness

Table 27: NAFTA Exposure and Vote Shares: Agricultural Communities (*Ejidors*) — 50% Overlap Threshold

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	1.691*** (0.3672)	3.237*** (0.4325)	1.545*** (0.3303)	-4.020*** (0.4938)	-4.409*** (0.4891)	-0.3886* (0.2325)
Geographic & Climate Controls	✓	✓	✓	✓	✓	✓
Precinct FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Precincts	9,643	9,643	9,643	9,643	9,643	9,643
Elections	4	4	4	4	4	4
Observations	37,995	37,995	37,995	37,995	37,995	37,995
Mean of dep. var.	19.06	34.34	15.28	56.06	58.78	2.72

Standard errors clustered at the precinct level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 28: NAFTA Exposure and Vote Shares: Agricultural Communities (*Ejidors*) — 90% Overlap Threshold

Dependent Variable:	PRD % (1)	Opp. % (2)	PAN % (3)	PRI % (4)	Pro-Regime (5)	Satellite (6)
NAFTA Exp. (std.) $\times$ Post	3.901*** (0.7451)	3.286*** (0.8941)	-0.6152 (0.6918)	-4.660*** (0.9855)	-4.330*** (0.9812)	0.3299 (0.4473)
Geographic & Climate Controls	✓	✓	✓	✓	✓	✓
Precinct FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Precincts	2,840	2,840	2,840	2,840	2,840	2,840
Elections	4	4	4	4	4	4
Observations	11,219	11,219	11,219	11,219	11,219	11,219
Mean of dep. var.	19.89	36.23	16.34	54.18	56.84	2.67

Standard errors clustered at the precinct level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

E Crop-Level Revealed Comparative Advantage and Post-NAFTA Trade

Table 29 displays the estimates of crop-level regressions. The independent variables are Mexico's and the United States' revealed comparative advantage in each crop, estimated using trade data from 1991. The dependent variables are the post-NAFTA (1991-2000) change in Mexican exports to the US (Column 1) and the change in American exports to Mexico (Column 2). All variables are standardized.

Table 29: Crop-Level Revealed Comparative Advantage and Post-NAFTA Trade Shifts

Dependent Variable:	Δ Mexican Exports to US (std.) (1)	Δ US Exports to Mexico (std.) (2)
Mexico RCA (std.)	0.3457** (0.1675)	0.002701 (0.1438)
USA RCA (std.)	0.01505 (0.1675)	0.5914*** (0.1438)
Crops	38	38
R ²	0.12	0.35

The sample includes the 38 crops with nonzero Mexican exports in 1991. Standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

F Full Regression Specifications

This appendix reports the full-coefficient versions of the paper's core specifications.

Table 30: First Stage: NAFTA Exposure and Manufacturing Employment (Full Coefficients)

Dependent Variable:	Log Manufacturing Employment	
	(1)	(2)
NAFTA Index (std.) $\times$ Post	0.1532*** (0.0502)	0.1353** (0.0523)
Mfg. Empl. Share $\times$ Post	-4.7761*** (0.6072)	-5.5718*** (0.7265)
Log Dist. to Border $\times$ Post	-0.1858*** (0.0384)	-0.1894*** (0.0449)
Log Population $\times$ Post		-0.0528 (0.0531)
Marginalization Index $\times$ Post		-0.1368* (0.0810)
Literacy $\times$ Post		-0.6841 (0.9304)
Post-Primary Share $\times$ Post		-2.5993*** (0.8789)
Urban Share $\times$ Post		-0.0992 (0.3129)
Indigenous Share $\times$ Post		0.3266 (0.2933)
Primary Sector Share $\times$ Post		4.1436 (2.5349)
Secondary Sector Share $\times$ Post		6.4207** (2.5953)
Tertiary Sector Share $\times$ Post		5.0890* (2.6604)
Demographic & Economic Controls	$\times$	$\checkmark$
Cluster FE	$\checkmark$	$\checkmark$
Year FE	$\checkmark$	$\checkmark$
Clusters	201	201
Periods	2	2
Observations	402	402
R^2	0.975	0.979

Dependent variable: $\log(1 + \text{manufacturing employment})$, in 1989 and 1999. Column (2) adds the controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 31: Effect of NAFTA Exposure on Vote Share — Baseline Specification (Full Coefficients)

Dependent Variable:	Pro-Regime Total (1)	PRI (2)	Satellite Parties (3)	Total Opposition (4)	PAN (Right) (5)	PRD (Left) (6)
NAFTA Exp. (std.) $\times$ Post	−2.592** (1.207)	−0.1301 (1.073)	−2.462** (1.124)	2.824** (1.191)	1.242 (1.025)	1.581** (0.7424)
Mfg. Empl. Share $\times$ Post	60.02*** (14.25)	36.42*** (12.56)	23.60** (10.11)	−71.50*** (14.20)	−37.25*** (10.20)	−34.25*** (10.80)
Log Dist. to Border $\times$ Post	−3.107*** (0.9003)	−2.737*** (0.8793)	−0.3700 (0.8819)	2.469*** (0.8367)	0.1841 (0.5913)	2.285*** (0.6837)
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606
Mean of dep. var.	67.41	61.05	6.36	20.21	12.83	7.38

Baseline specification: treatment plus the two design controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 32: Effect of NAFTA Exposure on Vote Share — Full Specification (Full Coefficients)

Dependent Variable:	Pro-Regime Total (1)	PRI (2)	Satellite Parties (3)	Total Opposition (4)	PAN (Right) (5)	PRD (Left) (6)
NAFTA Exp. (std.) $\times$ Post	-2.787*** (1.063)	-0.1788 (1.005)	-2.608** (1.114)	2.731*** (1.019)	1.299 (0.9635)	1.432** (0.6605)
Mfg. Empl. Share $\times$ Post	50.68*** (16.70)	14.03 (14.52)	36.65*** (11.85)	-56.37*** (14.54)	-23.41* (13.05)	-32.96*** (12.43)
Log Population $\times$ Post	4.631*** (1.296)	2.982*** (0.9820)	1.649 (1.064)	-4.011*** (1.222)	-2.193** (0.8537)	-1.818* (0.9498)
Log Dist. to Border $\times$ Post	-3.382*** (1.004)	-3.044*** (0.8702)	-0.3384 (0.9779)	2.514*** (0.9443)	0.4571 (0.5617)	2.057*** (0.7740)
Marginalization Index $\times$ Post	-2.844* (1.543)	-2.347 (1.423)	-0.4972 (1.040)	2.518* (1.352)	1.556 (1.241)	0.9624 (1.094)
Literacy $\times$ Post	14.04 (11.94)	-4.273 (11.74)	18.31* (10.57)	-16.40 (11.27)	15.97* (8.690)	-32.36*** (9.086)
Post-Primary Share $\times$ Post	-39.52*** (19.56)	-20.22 (18.91)	-19.30 (14.65)	30.35* (17.33)	-23.38 (14.53)	53.73*** (14.84)
Urban Share $\times$ Post	-8.682* (5.219)	-2.264 (5.133)	-6.418 (3.918)	11.12*** (4.225)	3.172 (3.796)	7.944* (4.351)
Indigenous Share $\times$ Post	12.16** (4.784)	8.252 (6.092)	3.909 (5.075)	-14.07*** (3.440)	-3.251 (3.382)	-10.82*** (3.598)
Primary Sector Share $\times$ Post	41.36 (52.73)	-11.70 (55.85)	53.06 (44.17)	-61.90 (44.89)	52.22 (39.90)	-114.1*** (37.63)
Secondary Sector Share $\times$ Post	49.64 (53.78)	-0.05343 (56.48)	49.69 (43.52)	-70.41 (46.05)	53.97 (40.91)	-124.4*** (37.43)
Tertiary Sector Share $\times$ Post	58.28 (56.62)	4.866 (57.74)	53.42 (46.43)	-85.52* (48.66)	52.38 (41.88)	-137.9*** (42.23)
Cluster FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Clusters	201	201	201	201	201	201
Elections	8	8	8	8	8	8
Observations	1,606	1,606	1,606	1,606	1,606	1,606
Mean of dep. var.	67.41	61.05	6.36	20.21	12.83	7.38
R^2	0.900	0.832	0.621	0.879	0.770	0.738

Full specification: treatment plus the full set of controls described in Section 5. Standard errors clustered at the cluster level in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.