

Autonomy, influence, strategy, and money inside multi-level political organisations: the case of Brazil *

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Abstract

This paper explores Brazilian Political Parties' regional branches financing between 2015 and 2018. By taking advantage of the fact that Brazilian parties became more dependent on Public financing, money transfers between National Executive Committees (NECs) and their hierarchically inferior units were tracked in order to assess if regional branches with representation on its' NEC end up receiving more money. This movement sheds light on Brazilian Political Parties' internal politics and its' regional branches' autonomy levels, suggesting that not only formal but also informal mechanisms are essential to explain how money is divided internally. Results suggest that the treatment's effect (having a current or former regional director into its' party's NEC) on the outcome is particularly strong in Parties that do not compete for the National Office. These results provide more evidence that Brazilian political parties differentiate themselves not only regarding their electoral strategies, but also regarding their internal organisation.

Keywords: Multilevel Political Organisations; Political Parties' Finances; Brazilian Political Parties; Vertical Integration; autonomy and influence;

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1 Introduction

Most of the work in political finance in Brazil focused on electoral finance, shedding light on the importance of money from companies to the success of campaigns. From 1995 to 2015 companies were able to donate to candidates, and during this period, the majority of the money that flowed through political campaigns had this source. From the elections in which we have available data concerning finance (2002, 2006, 2010 and 2014), it can be noticed that there was a more massive amount of private resources in comparison to public resources. According to some studies, the proportion of private money in these elections was around 75% ([Speck and Pralon Mancuso, 2015](#)).

In 2015, the Brazilian Supreme Court (STF) has acknowledged the national bar association's (OAB) claim to declare business donations to campaigns as unconstitutional. So, suddenly three-quarters of the money from political campaigns were withdrawn from the game. However, as Political Financing is not exclusively related to the electoral game (that in Brazil happens every two years between national and local elections), Brazilian Parties quickly reacted to it approving new laws in the Parliament. Firstly, to substantially increase the public funding for their activities (2015) - Annual Public Fund ("Fundo Partidário (FP)"), and secondly, by creating a special public fund for campaigns (2017) - Electoral Fund ("Fundo Especial de Financiamento de Campanha (FEFC)"). In the 2018 election, we could see by the first time that the majority of funds, around R\$ 2 billion from the R\$ 3 billion that flood in that year's election, came from political parties (through the Electoral and the Annual Public Funds) ([Mesquita et al., 2019](#)).

This new scenario made Public Funds even more essential to the Brazilian political finance system, and understanding how the public resources are being divided inside the parties turned to be more critical than ever to understand Parties' strategies and power structures. Once the field devoted efforts during the last 20 years to understand private funding of politics, little is known about how parties usually distribute the Public money received. Recent works on the Brazilian Parties' financing had not been able to verify how parties distribute the electoral fund created right in 2017, perhaps because this is a recent event ([Botassio, 2018](#); [Schaefer, 2018](#)). How do parties decide to distribute the public money they receive? Which are the factors that make political parties divide more or less the money? Moreover, how the internal distribution of resources help scholars to understand how

influential and how autonomous Brazilian parties' regional branches are?

Political Parties in Modern Democracies are not unified bodies, and should not be seen as; especially in federal democracies. The questions pointed above are important because they can shed light on Brazilian Political Parties internal politics panorama and their *verticalization* levels in a Federative Democracy like Brazil, characterised by its multi-level system. By looking at the work performed in electoral finance, we may have some clues to suggest a direction that should be taken. After dedicating time to understand the impact of money on vote share and electoral success, the field suggested that those who spend more have greater chances to achieve electoral success (Marcelino, 2010; Peixoto, 2010). It was just when scholars started looking at political factors such as *incumbency*, that money turned to be a confounder for major *political variables* (Urizzi Cervi et al., 2015; Speck and Macedo Campos, 2015; Rossi Horochovski et al., 2016; Perissinotto and Fernandes Veiga, 2014; Perissinotto and Bolognesi, 2010). An analysis, for the 2014 election showed that just 0.16% of the private donors directly supported 81% of those elected in that year (Jairo Junckes et al., 2019), showing that few companies used to support few candidates with already high probabilities of victory. Some scholars called these candidates as the 'champions of revenues' (Speck and Pralon Mancuso, 2015).

Today, once all public funds are transferred by the Electoral Superior Court (TSE) to each Party's National Level, and the electoral law in Brazil gives autonomy to parties to decide how to spend and allocate these resources, we can somehow expect similar patterns of distribution.¹ This means that previous electoral success may drive the decisions inside parties. This variable is essential once the Electoral Superior Court (TSE) distributes 95% of the Annual Public Fund proportionally to each party's representation in the National Congress, and only 5% are equally distributed among all registered parties. So parties with more elected Federal Deputies, receive a larger percentage of Public Funds. If the patterns of public fund distribution inside Brazilian political parties have something to do with electoral financing, and if the amount received by each party depends on previous electoral

¹The only restrictions imposed by the Court relates to the obligation of transferring a certain amount of money to enhance woman's participation in politics, and, to finance the Party's research foundation to promote political education. TSE's Resolution n^o 23.607 determines that at least 5% of the Public Annual Fund received by the party should finance programs to enhance woman's participation in politics, while the resolution n^o 22.121 determines that 20% of the Public Annual Fund received should finance the Party's research foundation. Regarding the usage of the Electoral Fund, TSE's imposes the necessity of using 30% of it in female campaigns

success, we should expect to see regional branches that had better performed receiving more money from the Public Annual Fund. [Botassio \(2018\)](#) presented evidence in order to confirm this hypothesis by analysing PT, PMDB, PSDB, DEM, and PP patterns of Public Annual Fund division during 2007 and 2015.

In this work, though, I propose to look at political factors inside Brazilian Political Parties to move forward the understanding of how money is divided internally. I devote efforts to advancing the understanding of how the Annual Public Fund (Fundo Partidário) is being divided internally in the 10 most important Brazilian Parties during the period of 2015 and 2018. I suggest that **an essential factor that has not been analysed yet is ‘politics inside the party’**. We are not naive to suggest that Political Parties are united bodies without internal disputes. The presence of regional directors into the National Executive Committee (NEC) of Brazilian Political Parties should suggest how well connected regional elites are to the leading political group that runs the NEC, and that consequently decides around the allocation of Public resources received by the TSE. The paper should also be able to provide evidence on how vertically integrated Brazilian Political Parties are; how autonomous regional branches are in Brazilian Parties, and how well involved in the party’s national decisions, sub-national organisations are. The paper aims to contribute to the forward understanding of Multilevel Party Organisations by looking to the Brazilian case. This certainly adds a substantive layer of analyses to [Floriano Ribeiro and Fabre \(2019\)](#) recently performed work.

Our path to discuss the problem pointed above is divided into several sections as it follows: in [section 2](#) we perform a literature review on (1) Political Parties’ organisation and strategies in multi-level systems, and (2) on political parties finance; in [section 3](#) we present the hypotheses of the paper; in [section 4](#) we present the data regarding Brazilian parties’ regional branches finance between 2015 and 2018; in [section 5](#) we discuss the treatment assignment mechanism and present the statistical model designed to address the problem; in [section 6](#) we present the results before leading to the conclusion in [section 7](#).

2 Literature Review

2.1 Political Parties' organisation in multi-level systems

The literature proposes that well organised, regionally dispersed, and stable parties enhance the likelihood of democracy to survive (Mainwaring, 1998). Party's public funding has become standard across western world democracies, contributing to a change on political parties' typologies. Since Duverger (1957) classical work, these typologies evolved from *cadre* and *mass* parties to *cartel* parties as shown by S. Katz and Mair (1995, 2009). Obviously, their financing structure composes one dimension of differentiation between these models. *Cadre parties* were mainly supported by their candidates' donations, while *mass parties* were mainly financed by their members' resources through memberships and subscriptions. *Cartel parties*, however, are closely linked to the state by receiving massive amounts of public resources to maintain its activities.

Throughout the years, parties had constantly reorganized themselves in order to achieve the desired political success. For instance, cases like the British Labour Party (Labour) shed the light on the importance of individual affiliation in societies with access to universal suffrage (Duverger, 1957). Regarding its organization, as mentioned by Duverger (Ibid, p. 70), the parties' political organization tend to emulate the state organization with its pyramidal shape that reproduces the official territorial divisions; usually each municipality has a party branch, each province then has a regional branch that is hierarchically superior to municipal branches, and it is hierarchically inferior to the party national committee.

Political Parties also differ themselves by their national and sub-national units connection (linkage) levels. Duverger (1957, p. 74) is clear in differentiating that these linkage levels are not always a proxy for internal democracy. For him, even parties with intense linkage levels may have, or not have, higher levels of internal democracy. Though, indeed, parties with weak linkage levels have lower levels of internal democracy once they enhance the power of oligarchic groups. Linkage levels are commonly seen as a proxy for differentiating parties between *mass parties* and *cadre parties*. *Mass parties* often have intense linkage levels while *cadre parties* have weaker linkage levels. The linkage level, even though in some aspects are similar to notion of party *centralisation* or *decentralisation*, actually refers to the parties' ability to coordinate sub-national units to operate as an unified body;

while being *centralised* or *decentralised* refers to the amount of power shared between national and sub-national units (Duverger, 1957; Panebianco, 1995). *Centralised* parties hold the power in its hierarchical superior committee, while *decentralised* parties share the power between the its' regional and municipal branches for example. As it should be noticed until here, the Federal structure of a country leads to some level of decentralisation inside political parties. This, obviously, does not mean that in this kind of country sub-national party units necessarily have more power inside its' party structure. After all, parties' organisational structure may be simply *pro forma*. It is because of the misleading that some parties' statutes may provoke that Duverger (1957, p. 86) claims to readers "not be fooled by the letter of the statutes, but rather analyse their specific application, before reaching a conclusion". Panebianco (1995, p. 374), by its turn, alerts for those who believe that large complex parties are necessarily *decentralised*. He argues that it is necessary to differentiate *micro-bureaucratic decisions* and *political and strategic decisions* in order to avoid the tendency of understanding large political parties, with many hierarchical layers, as a synonym of *decentralised* organisations.

Despite the fact that most political parties are active in more than one level of government, most of the study on political parties had focused their attention to a single level, the national level (Van Houten and Hopkin, 2009). Across the several dimensions that cover the state-wide parties and their decentralisation in multi-level systems, two are particularly important for this paper, the (1) multi-level organisation of political parties that can clarify how state-wide parties organise themselves across different levels of government, and (2) the impact of voters behaviour in national and sub-national elections and its reflects in the parties' strategies (Ibid.). As already mentioned it is pretty understandable that multi-level systems may have impacts on Parties' systems. In Federal countries we do expect at least a formal level of decentralisation inside these organisations. According to Chandler and Chandler (1987), Federalism may encourage: (1) multipartism, by enhancing the rise of minor parties; (2) the establishment of *catch-all* formations that are able to accommodate divergent regional interests; (3) the partisan conflict to happen on the federal-provincial arena; and (4) the *consensus-seeking* policy-making style of governance, due to the division of authority. Additionally, in *functional federal states* (where not only tasks but also labour are divided between central and sub-national governments) such as Germany or Brazil, parties tend to be integrated into intergovernmental relations process. ²

²For Chandler and Chandler (1987, p. 94), in this kind of federal state, the essence federation is that for most major policy concerns one level of government will be responsible only for certain stages in the policy process and the

Deschouwer (2003) supported the study of political parties in multi-layered systems in a comparative way across parties. The author clearly describes the huge amount of interaction possibilities within parties in multi-layered systems such as federate states, which can be described as: (1) vertical interaction within the same party (between the federal level and the regional level), (2) vertical interaction between parties (actions taken in the federal level by one party, might lead another party to change its strategy in the regional level), (3) horizontal interactions between parties (in the same political level, between two parties in the same party system), (4) horizontal interactions within parties (actions taken by the party in one region might lead the party's strategy to change in another region), and finally (5) horizontal interactions between parties (interactions between parties in one region leading to the change in position from other parties in another region, in different party systems). The author also mentions the importance of detecting the party's core through looking at election results, party discipline, the selection of candidates, political careers, or even, money and staff (financial and human resources). When looking specifically to federal states, Deschouwer also points the importance of (1) the *interconnectedness* of the system's many levels, which means the degree to which things that happen in one level affects another level; the (2) autonomy between levels, indicating if parties can behave differently in different regions and different levels; the (3) asymmetry between regions; and (4) the level of homogeneity in the society.

Latter on, Deschouwer (2006, p. 292) makes an effort on categorising different types of parties in multi-level systems. The author points for the existence of: (1) parties that only participates at regional level (e.g. the Parti Québécois in Canada); (2) parties that only participates at the federal level (e.g. the Canadian Bloc Québécois, or, if taken the European Union as a multi-level system, parties that participate only in the European elections but not on any national election); and, also (3) parties that participate in both national and regional elections (a more common type of multi-level party). The author also mentions the difference in parties' *pervasiveness* across regions. In some countries, there are regional parties that cover only one region (e.g. the Scottish Nationalist Party in Scotland, and the Parti Québécois in Canada), in other countries we see parties that cover more than one region but not the entire territory (e.g. the Lega Nord in Italy), and lastly, the most common type of party, those who cover all regions (e.g. the Labour Party and the Conservatives in other level for other stages (i.e.: the central government being primarily concerned with policy initiation, formulation and legislation, while sub-units are strongly oriented towards policy implementation and administration)).

the UK, the SPD and the CDU in Germany, the Partito Democratico and the Forza Italia in Italy, the Democratic Party and the Republican Party in the United States).

An important aspect of multi-level political parties with presence in regional and national elections is its level of *vertical integration*. According to Deschouwer (2006, p. 294), these cases force parties to develop more than one political strategy (a regional level strategy and a national level strategy), eventually causing tensions inside the organisation that should be somehow coordinated. In parties that are not limited to one region, parties should also deal with territorially varying problems in order to “control horizontal for horizontal variation across the regions” (Ibid.). The level of *vertical integration* may point for the degree of autonomy that the regional organisation have from its hierarchical superior unit. In a high level of *vertical integration* there is limited autonomy for the organisation in its regional level. In a low level of *vertical integration*, regional organisations of the party (regional branches) have more freedom from its superior unit (the national branch). Obviously, the level of *vertical integration* may change across the regions for parties with great levels of *pervasiveness* across the territory.

As already mentioned, federal settings and formal institutions plays a role in the way political parties organise themselves in federal countries. As Chandler and Chandler (1987) mentioned, in *functional federal states* the central government and the regional governments share responsibilities on the policy-making and policy implementation process. This federal setting, also known as *cooperative federalism*, provides a division of competencies between government levels; and ends up “*allowing and pushing parties to have fairly autonomous regional branches*” (Deschouwer, 2006). In this scenario, Deschouwer (Ibid, p. 295) argues that “[...] *regional branches then cannot be too autonomous. Regional policy-making and regional elections become relevant for federal policy-making and will be framed in these terms*”. Basically then we have a *top to bottom* line of command inside the parties that is much stimulated by the country’s institutional framework.

The federal setting imposes another challenge for political organisations, the electoral game by itself. Once played in two or more arenas, parties may differ in strategies in order to succeed in one specific arena, where the threshold is lower for example. This is specially important in proportional systems (Deschouwer, 2006). Additionally, the timing of elections may play a role in the parties’ decisions, and parties may prioritise one election but not giving up completely from another election as this could

help the party to design their pathway for the primary-order election. Deschouwer (Ibid, p. 297) supports the idea that if the regional election take place in the same day as the national election, parties' regional branches face a decline in their autonomy levels once the regional political game will be linked to the parties' national strategies (in cases where the party core level is the national level). If the regional election does not take place in the same day (or close) as the national election, regional branches tend to have higher levels of autonomy to "*engage freely in the regional political competition*". Also, the author mentions that if multiple (or all) regional elections happen in the same day, a case of horizontal simultaneity, regional branches also tend to have less autonomy once "regional elections" asks for coordination. Finally, Deschouwer also mentions societal heterogeneity as a possible factor that affects political organisations in multi-level environments. Basically, high variations between voters behaviour for regional and national elections can show the necessity for the parties to adapt to the the region's specific context and perhaps give more autonomy to its' regional branches.

Fabre (2008) makes an effort to understand party organisation inside the Spanish institutional framework, specially in autonomous regions such as Catalonia, the Basque country and Galícia. According to her, in these regions, the same concern pointed by Deschouwer (2006) is faced regarding the institutional framework once "*one can expect regional party branches to enjoy a certain level of autonomy to reflect the important competences of autonomous communities, but the co-operative aspects of the State of the Autonomies is likely to encourage central control or oversight*" (Fabre, 2008, p. 313). The main expectation is obviously that in regions whit high levels of regionalist feelings and strong autonomist parties (such as Catalonia, the Basque Country and the Canary Islands) regional branches from state-wide parties (such as the Partido Popular - PP, and the Partido Socialista Operario Español - PSOE) will also be more autonomous and empowered in a way to respond to the the electoral challenge posed by autonomist parties. Nonetheless, data shows that the PP and the PSOE barely lost offices in the regional level during the 1993-2007 period. Her analysis on the electoral data, suggests that despite the importance of regionalist parties in the Basque Country (especifically the Partido Nacionalista Vasco - PNV), "*the central levels of the PP and the PSOE have an interest in limiting the autonomy of the regional branches in order to maintain their internal cohesion and make sure that the poor results or policies of one regional branch do not affect the rest of the party*" (Ibid, p. 316). So basically, even though regional branches from state-wide parties have slightly more autonomy in regions with an autonomist party challenger, the co-operative federalism (funcional

federalism) institutional framework and the nationalisation of electoral stakes poses limits for this autonomy.

When analysing the relation between the Scottish and the Welsh regional governments, to the Westminster palace and Downing Street, Fabre (2008) has another example of a multi-level system. Once the author mentions that “[...]Wales is more integrated in central decision making than Scotland.” (Ibid, p. 316), because of the higher levels of nationalism and regional identity in Scotland (verified both in surveys for regional identity and also in the vote share received by autonomist parties ³), there is a hypothesis that in Scotland, regional branches from the UK’s state-wide parties, would be more autonomous than in Wales.⁴

Regarding parties’ organisation, Fabre (2008, p. 320), mentions that “Overall [both in Spain and in the UK], all the parties involve their regional branches in central decision making to a limited extent only [...] In most cases, the central party has retained full responsibility over state-wide election processes (candidate selection and policy making) and the regional branches are integrated only weakly in central decision-making organs”. An important factor though, for the autonomy level that regional branches have in these multi-level systems, is how tied the regional and state-wide elections are. The more tied they are, the more centralised parties tend to be, as in Spain. A decisive factor, according to the author, is *incumbency*. When the parties run regional governments, their central organisation tend to have a “much tighter grip over their regional branches” (Ibid, p. 325) and consequently, when they are in opposition in these regions, their party central organisation tend to give more autonomy to their regional branches.

Van Houten (2009) proposes a framework for analysing how parties are organised across different levels of government, in a multi-level system. His proposal is “focused specifically on the relation between the national leadership in a state-wide party and the party branches at the regional level [...] and] it conceptualises the interaction between these parts of a party organisation as a ‘principal-agent’ relation, with the regional branches as agents of the national leadership.” (Van Houten, 2009, p. 138). As its most basic structure, the *principal actor*, in this case, the party national leadership, authorises

³In Wales the main autonomist party is the Plaid Cymru - the Party of Wales, while in Scotland it is the Scottish National Party.

⁴The United Kingdom’s state-wide parties are: The Conservative Party (Tories), the Labour Party (Labour) and the Liberal Democrats (Libdems).

the *agent actor* (the party's regional branches) to take actions and activities that can benefit the *principal actor* but for which the *principal actor* has no resources for undertaking by itself (Ibid). Basically, the regional branch, the *agent actor*, “*may have better information and expertise about how to mobilise voters in the region and how to pitch the party's message to the local electorate [... and] may have more credibility than the national party with the electorate in the region*” (Ibid, p. 141). This approach is particularly important for political systems that are already ‘nationalised’ and where the ‘top-down’ ethos is established. For the author, the national party leadership, the *principal*, in state-wide parties would primarily work to win national elections or getting as close as possible to this objective; while the regional party leadership, the *agent*, main objective is to obtain good results in regional elections and consequently avoid being removed by the *principal*. Though, the more tied regional elections are to the national election, the less we expect the *agent* to have full autonomy as we already seen from Fabre's (2008) and Deschouwer's (2006) works.

Perhaps, what the delegation approach contributes the most to the field, is to question the common sense idea that regional branches autonomy means no control from the national party. As the author said “*in a principal-agent framework, agency autonomy can be entirely consistent with control by the principal*” (Van Houten, 2009, p.148). Additionally, the framework of analysis also points to the importance of institutional features for understanding multi-level party dynamics. These institutional features can be represented as party rules, derived from parties' statutes and rules for example, or even informal tactics used by national party leaders to influence regional branches.

For Thorlakson (2009) the autonomy given to regional branches may maximize the ability of sub-national organisations to represent local interests. while less decentralised parties may better mediate territorial conflicts. Additionally, the author argues that the taxing and spending power at the state-level can catalyse the divergence between sub-national party units and the federal party. The mechanism proposed is basically that when the state-level government increase its taxing and spending power, the prize for taking the office also increases and consequently we might see more autonomy given to regional branches by the national party in order to enhance the party's response to state-level electoral demands. The size of the prize however is closely related to the type of federalism once *functional federal states* have higher levels of shared responsibilities between the central government and the regional governments than in *jurisdictional federal states* where two levels of authority operating semi-autonomously with an entire machine of government duplicated at each

level [Chandler and Chandler \(1987\)](#). It is reasonable to suppose that the prize for running the state government is bigger in *jurisdictional federal states* than in *functional federal states*.

By comparing statutes from 27 parties from Canada, the United States, Austria, Germany, Australia, Switzerland, and Spain, [Thorlakson \(2009\)](#) was able to “*identify types of multi-level party design, and investigate whether these organisational patterns are associated with federal institutional design [...], or alternatively whether party patterns of integration, influence and autonomy vary by party family and patterns of government participation.*” (Ibid, p. 159). Her research also makes an important effort in differentiating vertical integration, autonomy, and influence, by pointing that:

Vertical integration refers to the extent and strength of formal and informal linkages between state and federal parties. However, while vertical integration describes the organisational and strategic linkages that connect state and federal parties, it does not describe how power is exercised in an integrated party. Influence refers to the extent to which the state party organisations exercise control in the governance of the federal party, while autonomy tell us whether these integrative linkages result in control over another party level. ([Thorlakson, 2009](#), p.160)

These vertical linkages between the parties’ national level and its’ regional branches, are almost always verified in parties statutes once it is common to see shared membership between the regional and federal levels (i.e. members registering themselves at the party’s regional level, being already recognised as members of the party in the national level). In parties without these linkages we expect to see two splitted organisations, or “*non-integrated*” organisations. And parties that just run for one level, are labelled as “*truncated parties*” by [Thorlakson \(2009\)](#). For [Detterbeck \(2012\)](#), studying these linkages between party levels is not only a way understanding the coordination level within a multi-level party organisation, but also a way to look at inside power relations in these organisations. Regarding regional branches’ level of influence, [Thorlakson \(2009\)](#) points “*state party influence is strongest when its institutional interests are represented on federal party governing bodies*” ([Thorlakson, 2009](#), p.162). Finally, regarding autonomy, the author expects to measure “*the freedom of the state level of the party to conduct its affairs without interference from the federal party*” (Ibid, p. 162). As it could be supposed, *truncated* and *non-integrated* parties are essentially autonomous from their parties national organisation. In *integrated* parties however, it is much harder to assess the level of autonomy that regional branches have from its national organisation.

As expected, the results from [Thorlakson \(2009\)](#) points for the influence that the institutional design has in the choices that parties make regarding their sub-national organisations level of autonomy. Her findings show that most of the analysed parties have regional branches with at least some influence on their national party, and in most of the cases where high levels of influence were detected, there were also strong autonomy levels. Additionally, cases with high levels of influence and high levels of autonomy were all from “*center-of-right*” parties (Ibid, p. 169). Once in *integrated parties*, the author founded different levels of autonomy, there was not possible to establish any correlation between *integrated parties* and the level of autonomy. In this kind of party however the autonomy exercised by regional branches could somehow be predicted by the degree of resources centralisation of the state (i.e. federations with highly centralised resources stimulates a lower degree of autonomy to regional branches, while federations with highly decentralised resources allocation stimulates higher degrees of autonomy to regional branches). The state’s centralisation/decentralisation of resources however is not correlated to the *influence* levels that regional branches have on their respective federal party. As expected, countries with a *functional federal* structure, presented parties with lower levels of *autonomy* when compared to countries with a *jurisdictional federal* structure.

More recently, [Floriano Ribeiro and Fabre \(2019\)](#) performed analysis over Brazilian multilevel party organisations. Their primary interest was to verify how Brazilian political parties are vertically integrated, using proxies from the literature on multilevel parties such as (1) the kind of presidentialism, (2) party’s agency and (3) party system fragmentation. The authors shed light on the fact that the Brazilian electoral legal framework prohibits regionalist parties, forcing every political party to be state-wide oriented. Additionally, once since 1995, states have lost revenues and autonomy to the federal government, Brazil has become less regionalised over recent decades. Regarding parties’ agency, [Floriano Ribeiro and Fabre \(2019\)](#) argue that as the Brazilian political parties’ National Executive Committees (NECs) concentrate decision power, it turned essential to verify how autonomous regional branches are. Furthermore, how much influence can regional elites have in the NECs? Lastly, the large number of parties, and the well known political fragmentation, in Brazil turns some parties eligible to dispute the national office while others clearly emphasise regional competition. Their results suggests that party agency and political fragmentation effects can somehow mitigate the “homogenising incentives from the institutional setting”. This means that even though regionalist parties are prohibited in Brazil, parties differ in their level of power centralisation at the national level.

This differentiation might be closely linked to electoral strategies as pointed by [Melo \(2010\)](#), that highlighted the importance of the so called *nested* electoral competition in Brazil. His work suggests that the PT and the PSDB were the only parties capable of prioritising the presidential elections after the end of the Brazilian dictatorship (1964-1985), and that other parties turned efforts to regional elections and elections to the Parliament without a clear pattern of dispute.

According to Melo, in the Brazilian political environment, characterised by (a) many mid-size parties without at least two strong parties that were dominant in the entire territory; and (b) the federalism arrangement; the main arena in which the party system may tie together is properly at the *presidential election* ([Melo, 2010](#)).⁵ Launching a presidential candidate is not a trivial decision, and because of its' nature, party leaders deeply evaluate the scenario before taking this decision. As the author explains: “[...] *parties only launch candidates by evaluating that there are real chances of victory, or if they are betting for the future. Otherwise, it will be better to join an electoral coalition and, at the same time, concentrate efforts in the legislative arena*” (Ibid, p. 18). In the Brazilian electoral system however, where you have the 1st and the 2nd rounds, party leaders may have an stimulus for launching candidates that are not highly competitive in order to bargain their support in the 2nd round. But, as Melo explains, party leaders decisions are not simply influenced by one electoral arena; because regional and national elections take place simultaneously in the same day, party leaders decisions are influenced by what happens in multiple arenas. Therefore, a *nested* game structure is settled. In this structure, it is possible for a party to achieve a reasonable size number of seats in the parliament without directly participate in the presidential election (Ibid). Many parties so, in their lack of competitiveness for the presidency, end up prioritising regional elections and elections for the parliament, and because of the nature of the system, this not always means that this kind of party is completely away from the presidential game. In fact, as in most cases this strategy end up electing many federal deputies and senators, these parties turn to be important allies for parties aiming to achieve the highest prize of the system, the presidency.⁶

⁵Melo also highlights that these mid-size parties, whose are usually responsible for around 20% of the Parliament seats, working in a proportional electoral system, in districts with mid and high levels of magnitude, and with permissive electoral and party laws; were responsible for producing in the country a very fragmented and competitive party system.

⁶The most notable example of this strategy is the PMDB, which barely never launch a presidential candidate but historically maintained a good electoral performance for regional governments and the parliament. Because of this, the party is consistently seen as a possible major ally for any government in office. Parties may also avoid launching

These *nested* games however do not represent a static system, meaning that parties who play their efforts on regional arenas are not necessarily considered regional parties. [Borges et al. \(2017\)](#) argue that in multilevel presidential countries, parties aiming to become large national organisations, not necessarily need to have strong presidential candidates. In fact, in the same direction as Melo’s work, the authors pointed that in order to become national organisations some parties in fact specialise in running for regional government elections as a strategy for nationalisation. According to the authors:

[...] parties seeking to expand their base of support across a given territory will either emphasise competition over the presidency or competition over subnational executives, depending on whether they can viably compete in the presidential election. In particular, we argue that presidential elections create incentives for integrating national and subnational electoral campaigns.

However, such a vertically integrated strategy is most likely to foster high levels of party nationalisation when the party relies on a competitive presidential candidate. Without a strong candidate, pursuing a horizontal strategy by competing in subnational races in a large number of provinces may be the most effective path to nationalisation. ([Borges et al., 2017](#), p. 649)

Additionally, the authors point for different strategies in the group of parties that do not launch presidential candidates. In this kind of party, obviously, *vertical linkages* between regional and national elections are weaker (and sometimes absent). They label the strategy pursued by these parties as: *provincialisation*. According to them, the two main categories of provincialisation are “‘pure’ provincialisation as a territorially circumscribed strategy with the purpose of maintaining a party’s electoral base. [...] and] ‘national’ provincialisation [...] that combines prioritising subnational elections and expanding the party’s electoral base through the filling of gubernatorial candidacies in a large number of provinces.” ([Borges et al., 2017](#), p. 653).

a presidential candidate when not doing so, and taking part into a presidential electoral coalition, favours the party’s performance in legislative elections ([Soares, 2013](#)).

2.2 Political Parties finances: from democracy's early days, to intra-allocation in the cartel model

Financing has always been an issue for political parties and since democracy's early day's parties struggled to maintain their activities and to be competitive in the electoral arena. In the United States from the nineteenth century, funding for political parties were highly decentralised, such as the political system itself (Ware, 2007). Political parties basically gathered money according to the type of election being contested and the act of raising money depended almost entirely on personal connections. In some cases however parties relied to systems of contribution that were not open to public scrutiny neither left well documented records once parties were not requested by any law to keep record of their income or expenditure. According to Ware (2007), at that time in the United States, it was the local level of politics that really mattered, and therefore, where most of funding was allocated. Additionally, at that period, there were *“important, and expensive, elections every year - local government elections, state elections, mid-term congressional elections and so on - for which high levels of expenditure were necessary.”* (Ibid, p. 26).

In the highly competitive electoral system from the mid-1830s, *“party supporters were approached for contributions, especially wealthier ones”* (Ware, 2007, p. 34). The industrialisation development from the late 19th century obviously inputted pressure on the system, expanding the basis of supporters that were able to finance parties and consequently, providing the pathway for the establishment of some direct and non-regulated lobbying activity performed through party linkages between companies and politicians. The rapid industrialisation from the late 19th century also made parties in Britain, Italy and Germany, change their support group in society. As already noticed by Duverger (1957), after acting in favour of the universal suffrage, *“parties evolved from amorphous groupings composed of local notables to large, tightly knit organisations supported by millions of adherents”* (Mulè, 2007, p.48). This change also lead parties to invent different ways of fundraising that would have effects on their structure and policy.

With the establishment of the liberal democracy without *censitaire* restrictions, new forms of organisations were necessary to mobilise the masses of newly enfranchised voters. As the working-class leaders were not posed with personal assets, irregular income characterised from the *cadre parties*

was not sufficient anymore for covering administrative costs from a mass organisation. *Mass parties* then needed to collect funds somehow. Upon the establishment of party branches, these units started to collect subscriptions from the party members as their primary activity. So, basically, “*the transformation from cadre to mass party was triggered by the introduction of different funding procedures. Instead of collecting large amounts of funds from a few donors the mass party relied on small fees paid by party members*” (Mulè, 2007, p.53). The amount collected by the parties’ branches was used in electoral campaigns, in educating the working class through propaganda (e.g. the publishing of party newspapers), and in providing salaries for party leaders. Apart from paying subscriptions, party members also used to perform voluntary work for the party, helping to maintain its grass-roots.

With the dissemination of radio and television after the Second World War, communication reached a next level and therefore politicians could easily access larger audiences. In many countries, political parties were granted free radio and TV broadcasting, especially during campaign periods. The appearance in TVs and radios fostered the parties professionalisation as highlighted by Panebianco (1995) and Kirchheimer (1969). Political leaders started more and more to be prepared by media trainers and consultants such as *spin doctors*. Additionally, as Western societies turned to increase their social-economic status in the following years after the war, the welfare state also expanded leading to a less rigid social stratification. The development of the *catch-all party*, according to Kirchheimer (1969), happened in a scenario of decrease in societies’ ideological baggage and also in the decrease of the role of individual party members, as also mentioned by Heindenheimer (1963, p. 809) when he wrote that in these societies “*there is a tendency for political and campaign expenditures to rise once again, reflecting an enlarged gap between material resources needed for political persuasion and the supports available in terms of voluntary efforts and institutionalised support organs*”. In the *catch-all party*, interest groups became increasingly important for parties and therefore parties started to rely heavily on them as a source of funding Mulè (2007).

The *cartel party* model proposed by Katz and Mair (1995; 2009) shifted the perspective on political parties, by showing that these organisations, instead of simply declining as many scholars proposed, actually became closer to the state. This closer relation with the state was fundamental in the acquisition of resources used for sustaining parties’ activities, especially once developed western economies reached a high level of socio-economic status where voluntary political engagement declined and the costs of campaigns raised due to mass communication media (Estanislau do Amaral, 2013).

As mentioned by [Van Biezen and Kopecky \(2007, p. 237\)](#), “*parties are now perhaps best understood in terms of their temporal linkage with society and their permanent linkage with the state*”.

According to [S. Katz and Mair \(1995\)](#), the *mass party* model became outdated once it has been based on a social structure from industrial societies rather than postindustrial societies. This model, alongside with the *catch-all* model, is based in “*a linear process of party development which [...] suggests an end-point from which the only options are stability or decay, and which, like all hypotheses of the end of evolution, is inherently suspect*” ([S. Katz and Mair, 1995, p. 6](#)). Moreover, the *mass party* model presumes a clear distinction between the party and the state where the party was basically a representation of sectors from civil society with the aim of “*breaking into the state and modifying public policy in the long-term interests of the constituency to which it is accountable*” ([S. Katz and Mair, 1995, p. 8](#)), while the *catch-all* parties stand between civil society and the state seeking to influence the state from outside in a response to short-term demands from its’ pragmatic electors.

The decline in the levels of participation and involvement in party politics happened in a scenario where the electorate grew, alike the costs of campaigns and party activities. It seems reasonable then that parties has seen in the state their anchor for surviving in this environment. An important aspect of this movement relies exactly in the fact that usually the resource transfers (either through money transfers or access to broadcast media and TV Radio spots) from the state to the parties, are “*tied to prior party performance or position, whether defined in terms of electoral success or parliamentary representation [and therefore] they help to ensure the maintenance of existing parties while at the same time posing barriers to the emergence of new groups*” ([S. Katz and Mair, 1995, p. 15](#)). This is basically the fundamental problem posed by the party system’s process of *cartelisation*, at the same time that it allow parties to navigate in a new environment characterised by lower levels of party engagement, it poses high barriers to new parties wishing to take part in the system. The ultimate effect might be the *petrification/ossification* of the system. As new parties accede the party system in countries with public funding and also without public funding [Nassmacher \(2009\)](#); [Pierre et al. \(2000\)](#), a more feasible *cartelisation’s* side effect is that parties became more dependable on their electoral performance for sustaining their activities. If prior to this period, parties’ electoral success had more to do with parties’ political objectives, now it also poses a question on parties’ survival once their electoral success is clearly correlated to the amount of support received from the state [S. Katz and Mair \(1995\)](#).

Following what has been noticed by international studies from the 1990's decade, [Floriano Ribeiro \(2009\)](#) looked into the 2007 Brazilian Political Parties' revenues, noticing a significant presence of the "Fundo Partidário" (Public Annual Fund) concerning other sources of revenues.⁷ This was seen as a process of '*cartelisation*' where the state is seen as the primary source of resources to political parties ([Krause et al., 2015](#)).

The division of the Public Annual Fund favours large parties. Between 1995 and 2006, for example, no more than five parties commonly receive more than two-thirds of the total amount of that year's fund ([Floriano Ribeiro, 2009](#); [Sousa Braga and Bourdoukan, 2010](#)). At least for 2007, not only these big parties but practically all Brazilian Political Parties had more than 50% of their revenues coming from the Public Annual Fund.⁸ That year's average revenues coming from the Annual Fund for all 27 parties was 83.7% ([Floriano Ribeiro, 2009](#)). It is important to notice, however, that 2007 was not a typical year regarding Parties' financing in Brazil.⁹ [Sousa Braga and Bourdoukan \(2010\)](#) infer that this change provoked a sharp decrease in the percentage of the Public Annual Fund that was concentrated in the big parties. If in 2006 it represented around 66%, a year later this number dropped to 51% (*Ibid*).

It seems clear that the state's presence in Brazilian Political Parties revenues is continually increasing. Individuals' donations and even contributions from parties' deputies and senators are insignificant to the total amount of Brazilian parties' resources ([Krause et al., 2015](#)). The second most important source of revenue for Brazilian Political Parties from 1995 to 2015, was business donations. Little is known about this, mainly because, as described above, the presence of public money into Brazilian Political Parties has steadily increased. [Speck and Macedo Campos \(2015\)](#) looked at business donations to political parties between 1998 and 2014. They noticed that in electoral years Parties were

⁷See the classical work from [S. Katz and Mair \(1995, 2009\)](#).

⁸The only exception was the Communist Party of Brazil (PCdoB) in which the fund represented 43,1% of the Party's revenues for that year.

⁹This was exactly the year that the TSE published its resolution n^o. 22.506 that redefined how the Public Annual Fund had to be divided between the Parties. This resolution increased the share of the Public Annual Fund that had to be equally divided between all registered parties in an effort to increase political competitiveness. Just a day later, members of the Parliament approved a new law establishing that just 5% of the Public Annual Fund had to be divided between all registered parties while 95% of the fund had to be distributed according to the percentage of votes received for the last Congress (Câmara dos Deputados) election.

used as intermediaries between companies and candidates once the electoral law at the time set a maximum value for direct donations to candidates, but did not set any limit for business donations to parties. An important note from the authors is that the allocation of money from companies usually relies also on the way the electoral and political systems are designed in each country. The Brazilian case, with proportional elections and open lists for the Parliament, increases the decentralisation of business resources making candidates the primary destination of these resources.

If it is clear that political parties around the world changed their source of income in order to maintain their competitiveness, the field has not explored extensively the intra-party money allocation. Some works have already been done regarding different scenarios but there is still room for research. Hagevi (2018) performed a study on Swedish political parties aiming to understand if the internal allocation of public subsidies somehow changed the internal balance of power inside these organisations. The author basically test the assumption from Katz and Mair's *cartel party model*, that elected officials increased their presence in parties' central organisation with the development of the cartel party. By looking at the cash transfers inside the parties: "*it should be possible to trace the internal power shift*" (Hagevi, 2018, p. 159). In Katz and Mair (2009) terms, Hagevi tried to verify if the power inside Swedish parties, shifted from the Party on the Ground (POG) to the Party in Public Office (PPO) - known as elected politicians - , once membership fees are less important than state subsidies for maintaining the organisation.

The author's data, shows that (1) public financing to political parties in Sweden has steadily increased since its implementation in 1968; (2) *central public funding* to PPOs has steadily risen while the opposite trend was verified for PCOs; (3) from 2003 onwards, *central public funding* for PPOs became larger than for PCOs; (4) local and regional funding for regional and local party branches has increased at the same rate as has central funding to PCOs.¹⁰ These findings suggests that basically: there have been a shift in power inside Swedish political parties, from the PCOs to party groups that hold seats in the Parliament (the PPOs), and, local and regional party branches maintained some level of autonomy from their central party once they had consistent access to funding at their sub-national level.

¹⁰PCO stands for Party in Central Office, as defined by Katz and Mair (2009) and corresponds to the parties' central membership organisations.

Harbers (2014) analysed intra-party resource allocation in three major Mexican parties (PRI, PAN and PRD) during 1998 and 2007 and verified that each party had a different strategy regarding their intra-party money distribution. While PAN and PRD presented a defensive approach, investing more where they had performed well in the past, PRI seems to challenge more their opponents in a *catchallover strategy* that has the clear intention to expand its presence across Mexican states. As she mentioned: “*electoral concerns appear to be on the mind of elites from all three parties [...] while the PRI, which developed a nationwide organisation [...] spends substantially less in states where it controls the governorship, the two former opposition parties [PAN and PRD] focus on spending on their strongholds*” (Harbers, 2014, p. 830). It is important to point though that the Mexican federate structure gives incentives for parties to develop local-oriented strategies. Firstly, regional branches not only can receive money transfers from their National Executive Committee (NEC), but also, from their own State Electoral Institute.¹¹ Secondly, PRI’s hegemony in the national office during the 20th century also may have stimulated PAN and PRD to develop local-oriented strategies (Ibid).

By analysing a few parties, Botassio (2018) tried to precisely understand how the Annual Public Fund (Fundo Partidário) was divided internally between five large Brazilian parties between 2007 and 2015.¹² Her central hypothesis is that sub-national committees receive more money according to their electoral performance in recent elections. Her first movement was to dive into Parties’ statutes to verify formal rules that could define the percentage of the Annual Public Fund that could be divided between regional branches. As expected, once parties have the autonomy to decide how to share the received resources, we do not see a clear pattern between parties. Some of them are specific in the percentage that should be distributed even though this does not mean that they follow their own rule; while others have no clear criteria for this division.¹³ The intuition that leads this kind of verification is that when the Annual Public Fund percentage between regional branches is high, regional elites have more influence on the party’s decisions, or, the party’s strategy is oriented to regional disputes. Botassio (2018) suggested that a greater distribution of the Public Annual Fund to the Parties’ regional branches would be correlated to electoral success at the state level, both in local and national elections (by the performance of the party in electing state deputies and federal deputies mainly). Additionally, she points to the importance of the electoral district size (number

¹¹As it happens in Brazil, Mexican Parties’ National Executive Committees (NECs) receive public funding through transference’s from the Federal Electoral Institute (the Mexican’s TSE).

¹²PT, PMDB, PSDB, DEM and PP.

¹³This is the specific case of PSB, that is represented in my data

of voters in each state) in PMDB and PT. For all these cases, however, we should understand its limitations in terms of explanation.

Another study that unfortunately did not look at sub-national party units suggests that Brazilian political parties are constantly centralising the Annual Public Fund in their National Committees (Schaefer, 2019). The author proposes that the National Executive Committees' level of 'parliamentarisation'¹⁴ was the most important variable, among a set of organisational and electoral variables, to explain what leads NECs to distribute more or less of the Public Annual Fund received from the TSE. As the work used the national level as a unit of analysis, it was not able to correctly identify if the money distribution followed states from where these federal deputies and senators were from. It is clear though that electoral year is associated with a greater division of the Annual Public Fund in Brazilian Political Parties.

After all, then, the mentioned studies regarding intra-party money allocation in Brazil, suggest that the distribution of the Annual Public Fund inside Brazilian Parties depends on (1) the size of the Electoral district, and (2) the number of Federal Deputies elected in each state (Schaefer, 2018; Bottassio, 2018). As seen from the literature on political parties, these organisations' structure changed throughout the time according to their main income sources and support in modern democracies (Duverger, 1957; Panebianco, 1995; Estanislau do Amaral, 2013; Kirchheimer, 1969; Heindenheimer, 1963; S. Katz and Mair, 1995, 2009). Additionally, parties' political strategies in multi-level system can be based according to the capacity each party have to compete for the national office (Borges et al., 2017; Harbers, 2014; Melo, 2010; Floriano Ribeiro and Fabre, 2019; Van Houten and Hopkin, 2009; Deschouwer, 2006).

3 Hypotheses

Since the prohibition of business donation to candidates and regional branches, Brazilian parties and specifically, parties' regional directors, faced themselves with just one reasonable source of money: their parties. As discussed in the earlier section, Brazilian political parties tend do centralise their

¹⁴This variable represents the number of Federal Deputies and Senators from the party in the National Executive Committee (NEC) and suggests that they were somehow able to lobby for more money to the states.

resources at the national level, making the national party level a decisive arena for major political decisions. Basically, by using [S. Katz and Mair \(2009\)](#) terms: resources inside Brazilian Political Parties are centralised at the PCOs, but obviously, due to the fact that the amount received depends on the number of federal deputies that each party has, the PPOs should play an enormous influence in this matter. Additionally, once national and regional elections in Brazil happens in the same day, we do expect Brazilian parties to be more centralised, with National Executive Committees having a tighter grip over regional branches ([Fabre, 2008](#); [Deschouwer, 2006](#)). Our hypotheses for this paper then, can be defined as:

H1: Regional branches with a presence inside its' hierarchically superior unit will be more autonomous from their central party by having more influence on the party's political and strategic decisions ([Thorlakson, 2009](#); [Detterbeck, 2012](#); [Panebianco, 1995](#)). This would be especially valid for regionally, or local, oriented parties that do not run for the presidential office ([Harbers, 2014](#); [Floriano Ribeiro and Fabre, 2019](#); [Melo, 2010](#); [Borges et al., 2017](#)).

H2: The Annual Public Fund distribution inside each Brazilian party's structure depends on (1) the size of the electoral district, (2) the percentage of Federal Deputies elected in each state by the party ([Schaefer, 2019](#); [Botassio, 2018](#)); and (3) the presence of regional directors in the Party's NEC.

4 Data

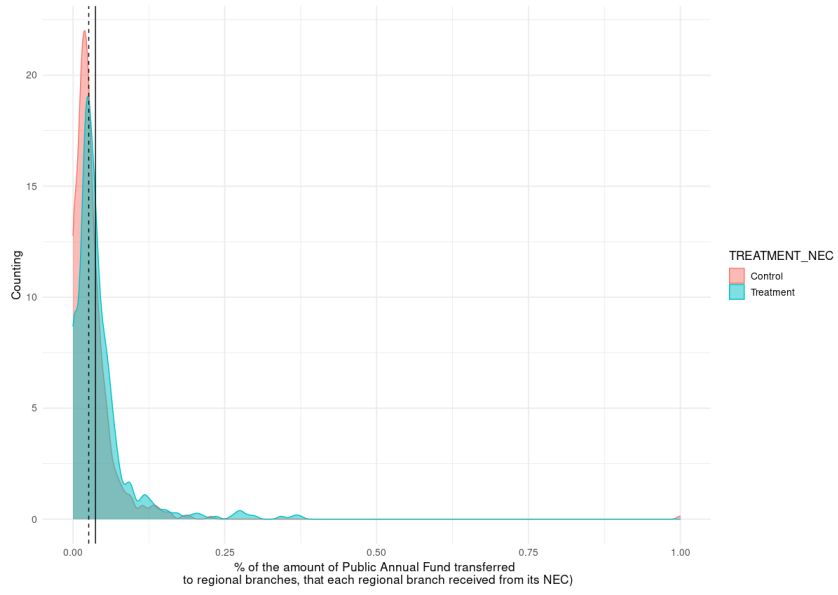
As my unit of analysis is at the state-level, I have 27 observations for each party every, representing all 26 states plus the Federal District (DF). Each observation represents one regional branch from one of the ten largest Brazilian Political Parties (PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB, DEM and PDT) between 2015 and 2018, summing a total of 1.080 observations. The database was created using data collected from more than 1100 spreadsheets downloaded from the TSE's website. Most of the variables are electoral statistics such as governors elected in 2014 (and in office throughout the 2015-2018 period), federal and state deputies, and senators, elected by each party in each state, electoral district size and number of Parties' affiliates in each state.

The outcome variable is the percentage of Public Annual Fund received by each regional branch from its' NEC. This data will be our proxy for measuring regional branches' autonomy from their central party's office (NEC). It was extracted from each Party's Annual account documents, also from TSE's website. In the [Appendix](#), we present, maps showing that the distribution of the Annual Public Fund between 2015 and 2018, inside the 10 most important Brazilian parties in the Brazilian Chamber of Deputies (Câmara dos Deputados) during 2015-2018, is not guided by the principle of equity.¹⁵ If this were to be the case, we would expect to see all states receiving an equal amount of money and consequently, having the same colour shade. Not only do we see differences between parties but also we see differences within parties at different years.

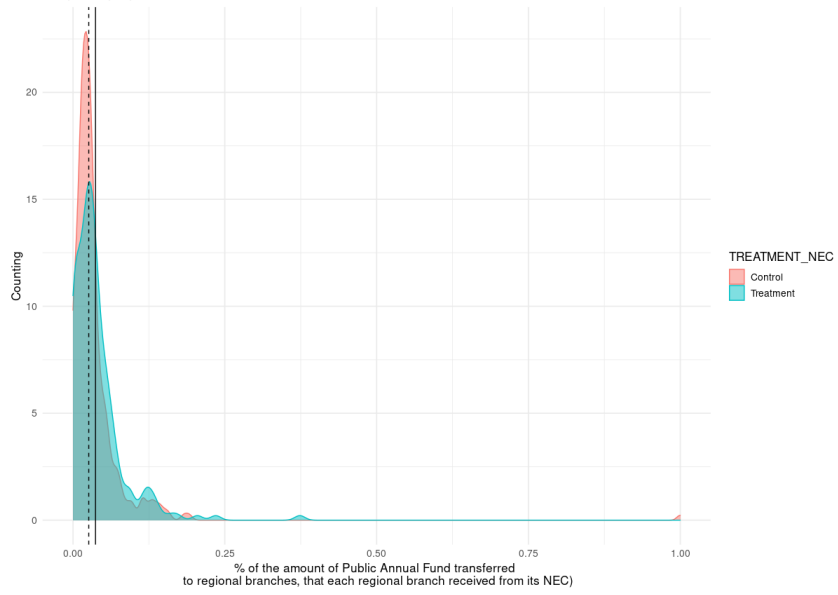
Finally, we created the treatment variable using TSE's data on the composition of each party's NEC and its' 27 regional Committees from the 2008-2018 period. This data will be our proxy for measuring influence from regional branches into their party's NEC. Bellow, the graph shows the total amount of the Public Annual Fund that were distributed between states, divided between regional branches that have representation into their NEC (treated - blue) and that do not have (control - red). The database has a total of 578 control observations (53,51%) and 502 treated observations (46,48%). The straight black line indicates the mean percentage for all groups, and the dashed line represents the median. In the [Appendix](#), I present a descriptive table for the variables. Bellow, we have the Annual Public Fund distribution plot for all parties and for two subsets of parties (Nationally Competitive Parties, and, Regionally Competitive Parties) that help us understand different strategies from different parties as described in the next session. As we can see in the graphs, the difference in the distribution between Treated and Control groups is bigger in Regionally Competitive Parties than it is in Nationally Competitive Parties.

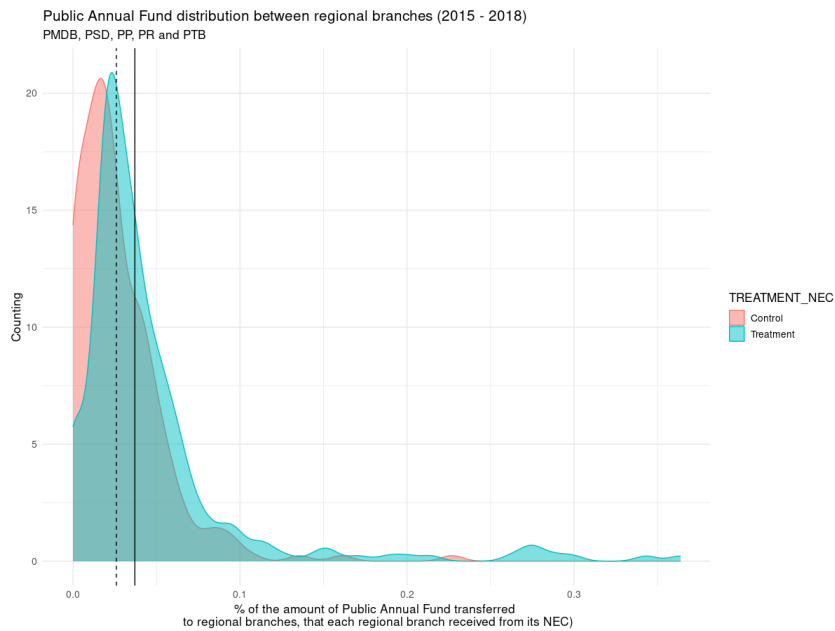
¹⁵These 10 parties are those with the highest share of seats in the Brazilian Chamber of Deputies: PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB, DEM and PDT. Combined, they represented 77% of the house seats for the period 2015-2018. A visual representation of their presence in the 2015-2018 Brazilian Chamber of Deputies can be seen in the [Appendix](#)

Public Annual Fund distribution between regional branches (2015 - 2018)
PSB, PSDB, PT, PP, PMDB, DEM, PSD, PR, PTB and PDT

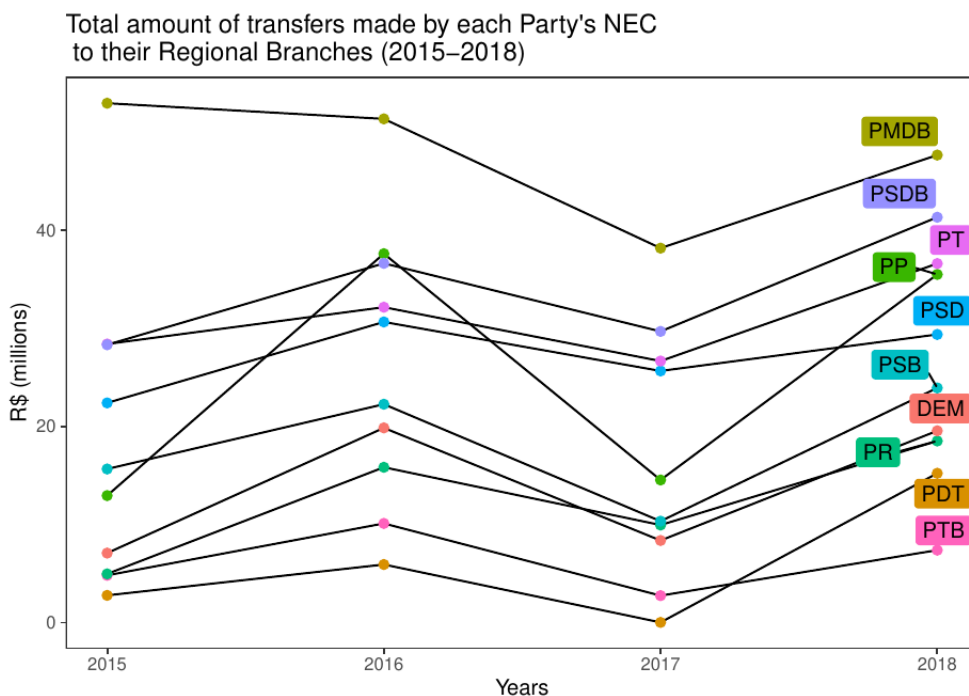


Public Annual Fund distribution between regional branches (2015 - 2018)
PSB, PSDB, PT, DEM and PDT





Prior to explaining the empirical strategy that will be used in regards to the hypotheses drawn, we present a graph on the Total amount of money divided by each party's NEC during the 2015-2018 period. As it can be seen, transfers tend to rise during electoral years (2016 and 2018). The PMDB is the Party that transfers the most amount of resources, while PTB and PDT are those who transfer the least.



5 Empirical strategy

5.1 Treatment Assignment Mechanism and DAG

As mentioned earlier, my variable of interest is divided between two groups. The treated group is formed by the states in which former (or current) regional directors became part of its Party's National Executive Committee (NEC). States who do not have any director in its' Party's NEC are my control group.

Understanding how each NEC is formed is crucial once the NECs defines how much money will be transferred to each regional branch. Some parties, such as the PT, the PSDB and the PP, have formal rules regarding this but others simply do not (PSB and PDT). Identifying the effect of our treatment (presence of formal or current regional directors into the NEC) provides evidence on informal rules inside Brazilian Political Parties. This is particularly important once even parties that have formal rules of distribution, repeatedly ignore them, distributing less money then they should.

After reading all the statutes from PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB, DEM and PDT, we could detect the formal mechanisms of selection to each National Executive Committee. In all them, the National Executive Committee is formed by the party's National Directorate (Diretório Nacional), plus its' leaders in the Congress (Câmara dos Deputados and Senado). The National Directorate (ND) is elected at the Parties' National Congress. So, the ND usually works as a filter to define NEC's members.

Each party has a different method of defining the number of state delegates at the Party National Congress and that therefore, ends up electing the ND. In non of them, though, we have equal representation. This is crucial to understand how regional elites are formed inside Brazilian Political Parties and how these criteria may influence our outcome. A proper understanding of these criteria gives us a list of **confounders** that should be controlled in a regression model in order to verify the effect of our treatment in our outcome.

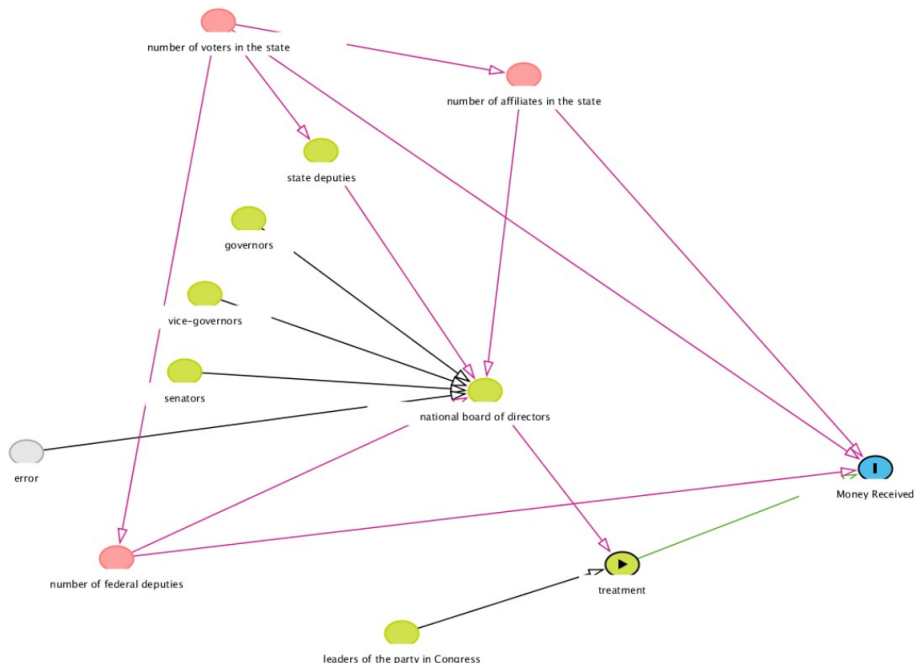
- In the **PT**, elected state delegates reflect the number of affiliates the state has; there is a fixed number of delegates that all states have equally, and, on top of it, they add one new delegate for every 1.000 affiliates the party has in the state. So, representation in the Party's National Congress is partially related to the number of party affiliates each state has. With this information we point *the number of affiliates* as a **confounder** because it affects the ND composition (that affects the NEC) and also the outcome because the Party also distribute money between regional branches regarding the number of delegates that went to the last Party's National Congress;
- In the **PP** the number of state delegates is defined by (1) a fixed number of delegates each state has, (2) the number of federal deputies elected in each state, and (3) the number of state deputies the party has in each state. Again, the number of state delegates is not equally distributed between states. The party's rules to distribute the received Annual Public Fund between regional branches takes into consideration the (1) party's organisation in each state and, (2) the electoral district size from each state. *Federal deputies* and *state deputies* are probably **confounders** because they may affect the treatment and the total amount of money the party receives from the TSE (through the electoral district size);
- In the **PSDB** the number of delegates to the Party's National Congress is defined by (1) the number of federal deputies elected in the state, and (2) 10% of the number of municipal committees that the state has. In this case, the number of *Federal Deputies* is a **confounder** because the party also distribute the Public Annual Fund between Regional Committees according to the number of Federal Deputies elected in the state;
- In the **PSB**, we also have some method that boosts states with better electoral results. They define the number of delegates to the Party's National Congress based on (1) a fixed number that every state has, (2) the number of elected state deputies, (3) the number of elected federal deputies, (4) the number of elected senators, (5) the governor (if the party has it), and (6) the vice-governor (if from the party). In this case, though, we see no clear **confounder** because the party has no specific rule for distributing the Annual Public Fund between states. It is possible though that as it happens with PP, *Federal Deputies* turned to be a confounder once the amount of Annual Public Fund that the NEC receives from the TSE depends on the number of Federal Deputies the party has nationally;

- **PMDB** defines the number of delegates to the Party’s National Congress based on the number of elected federal deputies, and senators, and the number of votes received in the last House of Representatives election by state. The party distributes the Public Annual Fund between Regional Committees according to (1) levels of organisation of the party in each state¹⁶, (2) the size of the electoral district, (3) the number of federal deputies elected in the state, and (4) the number of elected state deputies. In this case, *electoral district size* and *Federal Deputies* are **confounders** to the treatment.
- **PSD** defines the number of delegates to the Party’s National Congress based on the number of elected federal deputies, and senators. As PP and PSB, they do not define any specific rule for sharing the Annual Public Fund between regional branches. It is possible though that as it happens with PP, *Federal Deputies* turns to be a confounder once the amount of Public Annual Fund that the NEC receives from the TSE depends on the number of Federal Deputies the party has nationally.
- **PR** defines the number of delegates to the Party’s National Congress based on the number of elected federal deputies elected in each state. They share the Annual Public Fund between regional branches according to its number of federal deputies and votes to the last House of Representatives’ election. In this case, the *electoral district size* is a **confounder** to the treatment.
- **PTB** defines the number of delegates to the Party’s National Congress based on (1) a fixed number that every state has, (2) the number of elected federal deputies, and (3) the number of elected senators. In this case, though, we see no clear **confounder** because the party has no specific rule for distributing the Annual Public Fund between states. It is possible though that *Federal Deputies* turns to be a confounder for the same reasons mentioned for PP and PSB.
- **DEM** defines the number of delegates to its’ National Congress based exclusively on the number of federal deputies and senators each state has (this is defined by the electoral district size). The party has no specific rule for distributing the Annual Public Fund between states. It is possible though that *Federal Deputies* also turns to be a confounder here.
- **PDT** defines the number of delegates to its’ National Congress based simply on the number of affiliated voters in each state, plus its ”electoral performance” - they do not specify what they

¹⁶Number of installed Municipal Branches for example.

understand as "electoral performance". The party does not specify in its statute, how they end up distributing the Annual Public Fund between regional committees.

Bellow, we have a DAG (Direct Acyclic Graph) that represents the influences on the treatment mentioned above. It may clarify which variables affect our treatment and our outcome. This DAG captures the pattern of confounders seen in the parties listed above.



5.2 Model

If we take into consideration, all the variables that are listed in the DAG above we end up having a regression model that takes into consideration not only the **confounders** listed in the previous section but also other variables that affect the percentage of the Annual Public Fund received by each regional branch. This includes the formal rules from the party's statutes and also some electoral success variables. The model can be represented as:

$$\begin{aligned}
 Money_{i,p,t} = & \alpha_{i,p,t} + \theta_t + \beta_1 Treatment_{i,p,t} + \beta_2 S.Deputies_{i,p,t} + \beta_3 F.Deputies_{i,p,t} + \beta_4 Senators_{i,p,t} + \\
 & \beta_5 StateGovernor_{i,p,t} + \beta_6 ElectoralDistrictSize_{i,p,t} + \beta_7 PartySize_{i,p,t} + \epsilon_{i,p,t}
 \end{aligned} \tag{1}$$

Where $i = state$, $p = PoliticalParty$ and $t = year$

- $Money_{i,p}$ is the amount of Annual Public Fund received by each regional branch, regarding the total amount of Annual Public Fund that each NEC decided to share between regional branches;
- θ_t is a year fixed-effects;
- $Treatment_{i,p}$ is a dummy that stands for the presence of regional branches' Directors in its' Party's NEC;
- $S.Deputies_{i,p}$ refers to the percentage of State Deputies that the party elected in the state, regarding the total number of state deputies that the party elected nationally.
- $F.Deputies_{i,p}$ refers to the percentage of Federal Deputies that the party elected in each state, regarding the total amount of Federal Deputies elected nationally by the party;
- $Senators_{i,p}$ refer to the percentage of Senators that the party elected in each state, regarding the total amount of Senators elected nationally by the party;
- $StateGovernor_{i,p}$ refers to the State's Governor being from the party or not. It is measured through a percentage regarding the total number of State Governors that the party has nationally;
- $ElectoralDistrict_{i,p}$ refers to the number of registered voters for each state, regarding the national number of registered voters;
- $PartySize_{i,p}$ refers to the percentage of affiliates from each state, regarding the national number of affiliates the party has;

Though, as seen in the DAG, in order to properly assess the effect of our treatment in our outcome, we do not need that many variables. Actually, we just need to control for our **confounders**, which are *Federal Deputies* and *Electoral District*. *StateGovernor* and *Senators* should not be included in the model to estimate the treatment effect, once they do not affect our outcome in any of the Parties we are looking at. The variables *S. Deputies*, *Party Size* and *National Board of Directors (National Directorate)* should not be included once they are **colliders**, affecting the treatment and also being

affected by other variables. Moreover, none of these controls are post-treatment. After all, we have the following alternative model, that can properly assess the effect of our treatment in our outcome:

$$Money_{i,p} = \alpha_{i,p} + \theta_t + \beta_1 Treatment_{i,p} + \beta_2 F.Deputies_{i,p} + \beta_3 ElectoralDistrict_{i,p} + \epsilon_{i,p} \quad (2)$$

Additionally, parties may behave differently in their strategies. As theory suggests, some parties compete for the National Office (Presidency) in an expansive movement, while others do not Harbers (2014); Melo (2010); Borges et al. (2017); Floriano Ribeiro and Fabre (2019). Those who do not compete, concentrate energies in holding their status where they already perform well, while those who compete for the National Office tend to challenge the most their opponents (Floriano Ribeiro and Fabre, 2019; Harbers, 2014). In an effort to take this into consideration, we decided to run my models for two subsets of parties, one that competes nationally and another that does not. As shown in section 4 this decision takes into consideration the fact that the difference in the distribution between Treated and Control groups is bigger in Regionally Competitive Parties.

6 Results and discussion

The regression table can be seen on Table 1. The first column is the one that takes into consideration all the variables mentioned in the first specification (1). The treatment variable shows no statistical significance, suggesting that in general, when looking at all parties, regional branches with representation into its' NEC, receives not much more of the percentage of the Annual Public Fund's divided between regional branches. All other models just consider the second specification (2), which properly assesses the effect of having a current (or formal) regional director into the party's National Executive Committee, in our dependent variable. The difference between column 2, 3 and 4, is the sample. While in model number 2, we have the second specification for all parties in our database, in column 3 and 4, we have the same model performed for **Nationally Competitive Parties**¹⁷ and **Regionally Competitive Parties**¹⁸ respectively. In a nutshell, the findings suggest that the **treatment effect is around 1 percentage points, and it is statistically significant (p.value of 0.001) for parties that do not compete for the National Office**. In parties that compete for the National Office, the treatment effect is negative (-0.6 percentage points) without statistical significance.

If taken into consideration that on average a regional branch receives around 3.7% of the total amount of Annual Public Fund that NECs decide to share between regional branches, a boost of 1% seems massive. This means that, on average, in regionally competitive (or regionally-oriented) parties, regional branches that have representation into its' hierarchically superior unit, receives a boost of 27% (0.010 / 0.037) on their Annual Public Fund share in comparison

¹⁷PT, PSDB, DEM, PSB and PDT

¹⁸PMDB, PSD, PP, PR, PTB.

to branches without this representation, once controlling for the *Electoral District Size* and *the % of elected Federal Deputies*.

7 Conclusion

Scholars worked extensively on understanding parties in its' National Level. This work represented an effort to shed light into Brazilian Political Parties in their multilevel aspect. By analysing a specific dimension (money transfers) of the interaction between party levels in relevant Brazilian Parties, this paper intends to contribute to the field's understanding of these structures, focusing specifically on the regional branches autonomy and influence regarding their party's central office.

In recent decades Brazilian Political Parties suffered a process of *cartelisation* where they continuously increased their dependency on the state's financing (Krause et al., 2015; Floriano Ribeiro, 2009), which by its' nature must be openly reported. As parties have a level of autonomy to distribute these resources, tracking this distribution was useful to understand more on parties' internal dynamics.

The results presented here points in the direction of the paper's hypotheses. We could somehow provide evidence to support the statement that regional branches with more influence inside its' Party structure end up having more autonomy (measured by the percentage of funds received from its' National Executive Committee). This seemed to be valid for regionally oriented parties (PMDB, PSD, PP, PR, PTB and DEM). This kind of party works on a defensive strategy, protecting regions where they are stronger (Harbers, 2014), and where consequently, their elites have higher levels of autonomy from national elites (Floriano Ribeiro and Fabre, 2019; Deschouwer, 2006; Fabre, 2008; Van Houten and Hopkin, 2009; Thorlakson, 2009). The destination of resources to specific branches can also be seen as a major party strategy regarding the electoral game (Borges et al., 2017; Melo, 2010), but even if this is to be the case, we can see that regional elites participate in these major political decisions (Panebianco, 1995). The analysis performed on Parties' statute's; alongside with the results presented also supports initial studies conducted by Botassio (2018) and Schaefer (2018) on understanding how Brazilian Parties distribute their public resources internally. This paper provided more evidence that the Annual Public Fund distribution depends on the (1) the size of the electoral district, and (2) the percentage of Federal Deputies each party elected in each state (a proxy for previous electoral performance).

Table 1: Money Distribution From the National Executive Committee to the Regional Branches in PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB, DEM and PDT) - 2015 - 2018 - Dependent variable measured in percentage (not log) - with year fixed- effects

	<i>Dependent variable:</i>			
	% of the Public Annual Fund amount distributed between regional branches			
	(1)	(2)	(3)	(4)
Treatment	0.002 (0.003)	0.002 (0.003)	-0.006 (0.005)	0.010*** (0.003)
State Deputies	-0.122** (0.061)			
Federal Deputies	0.386*** (0.055)	0.306*** (0.041)	0.383*** (0.064)	0.242*** (0.050)
Senators	0.025 (0.017)			
Governors	0.004 (0.014)			
Electoral District Size	0.325*** (0.064)	0.241*** (0.039)	0.102 (0.066)	0.366*** (0.044)
Party's Size (Affiliates)	-0.099 (0.066)			
Mean for the dependent variable	0.037	0.037	0.037	0.037
Total Sample	Yes	Yes	No	No
Nationally Competetive Parties	No	No	Yes	No
Regionally Competetive Parties	No	No	No	Yes
Observations	1,080	1,080	540	540
R ²	0.199	0.193	0.139	0.319
Adjusted R ²	0.192	0.188	0.129	0.311

Note:

*p<0.1; **p<0.05; ***p<0.01

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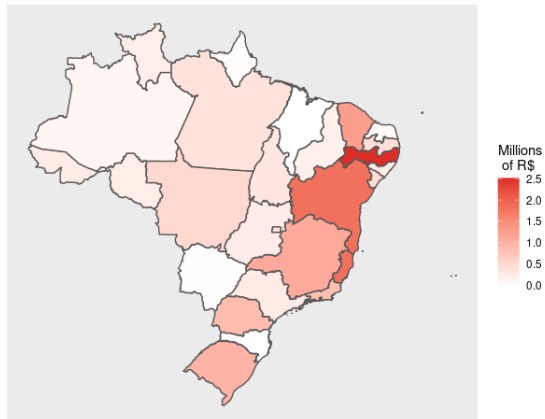
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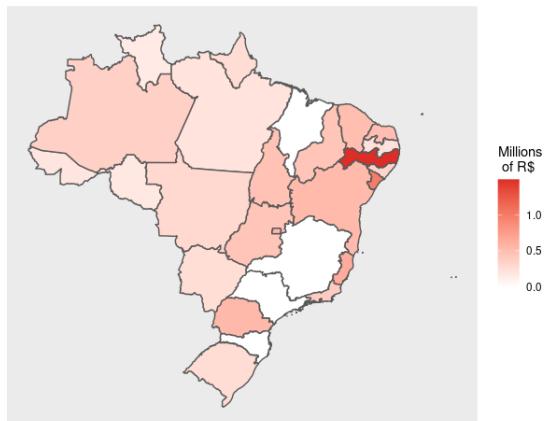
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9 Appendix

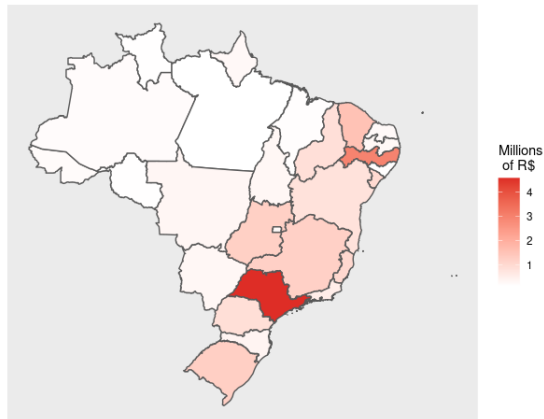
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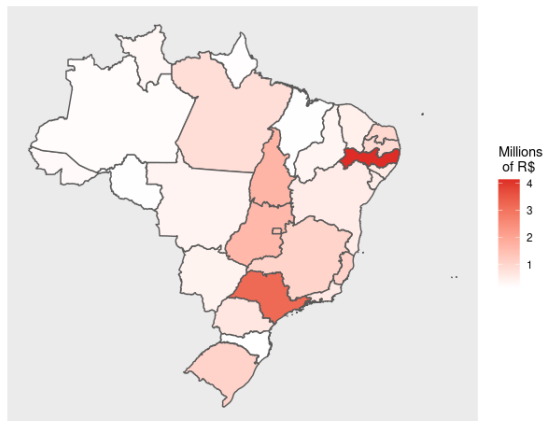
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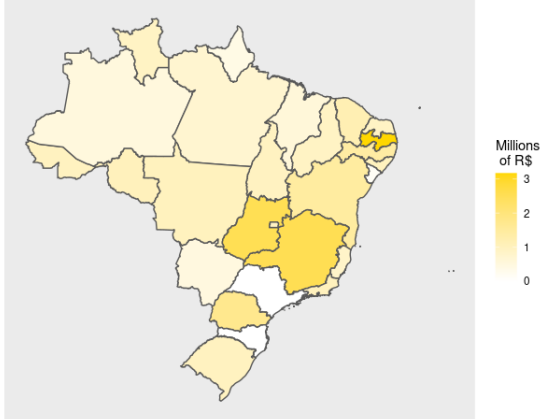
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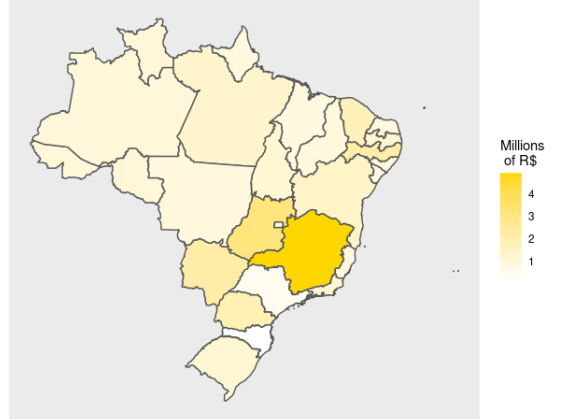
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Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PSDB) - 2015



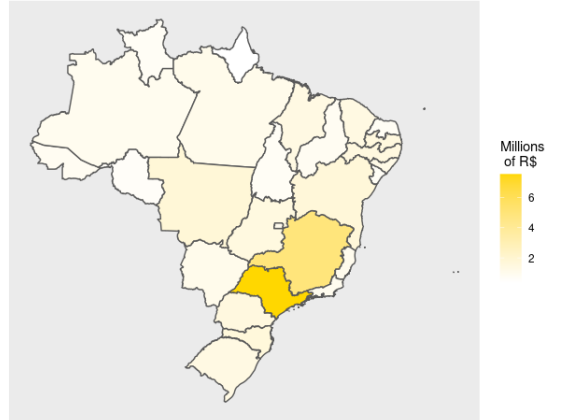
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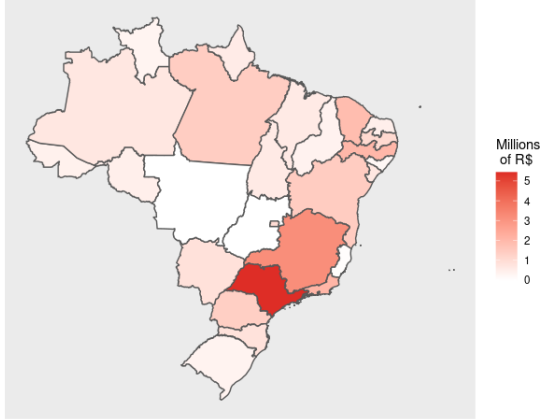
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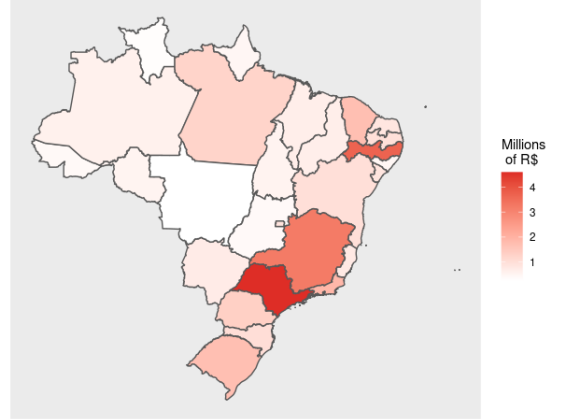
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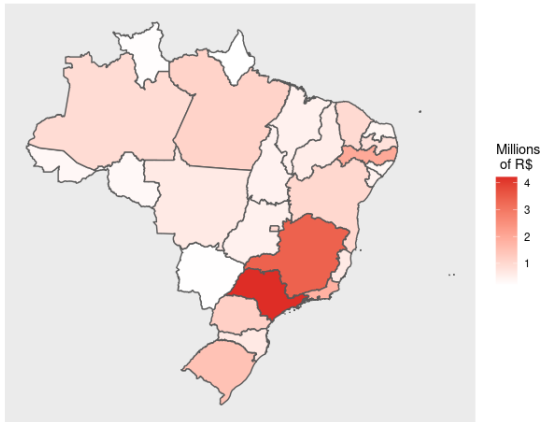
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PT) - 2015



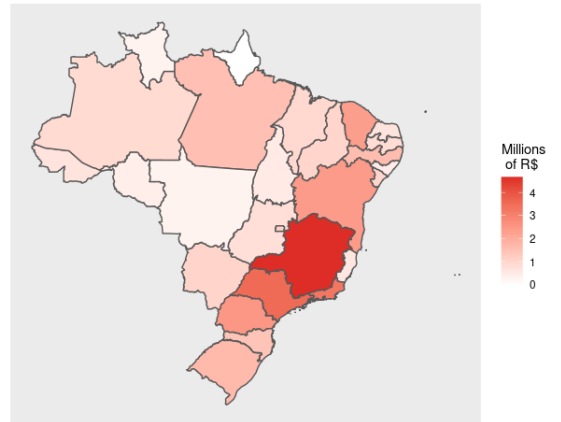
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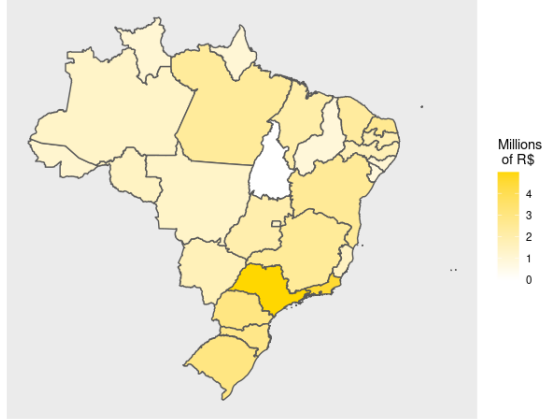
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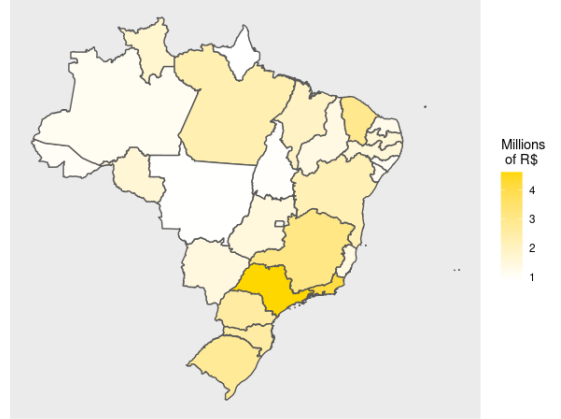
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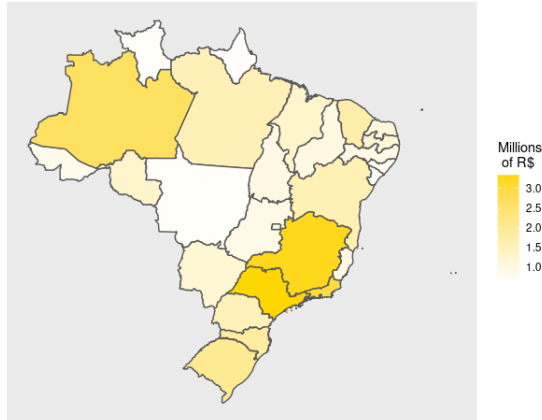
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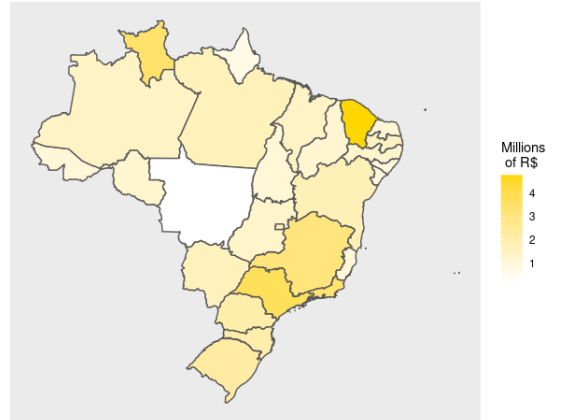
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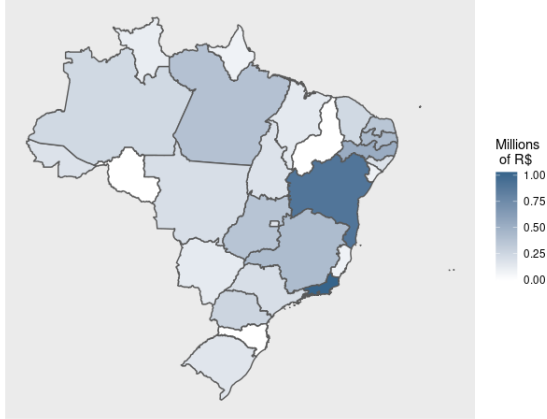
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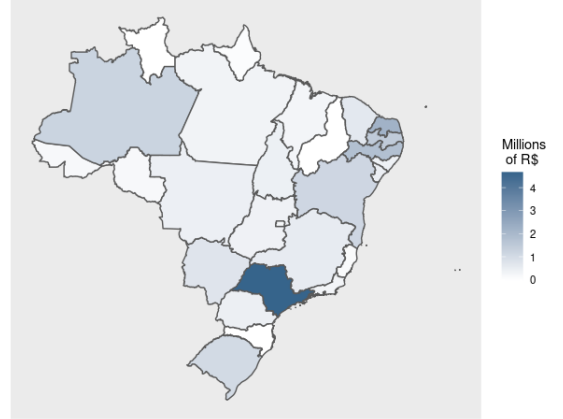
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PMDB) - 2018



Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (DEM) - 2015



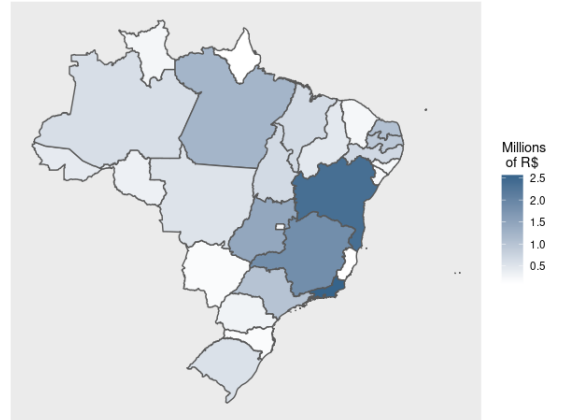
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (DEM) - 2016



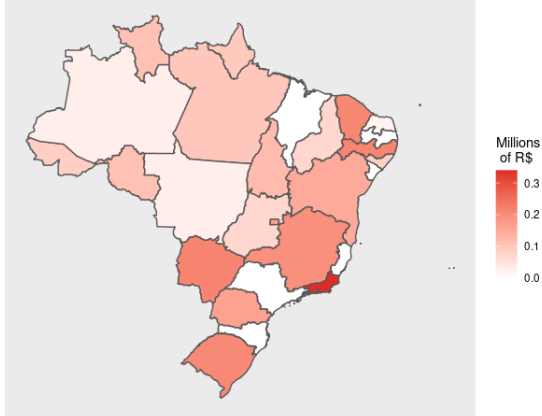
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (DEM) - 2017



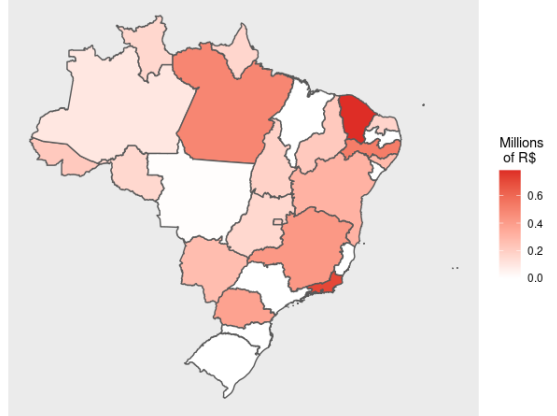
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (DEM) - 2018



Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PDT) - 2015



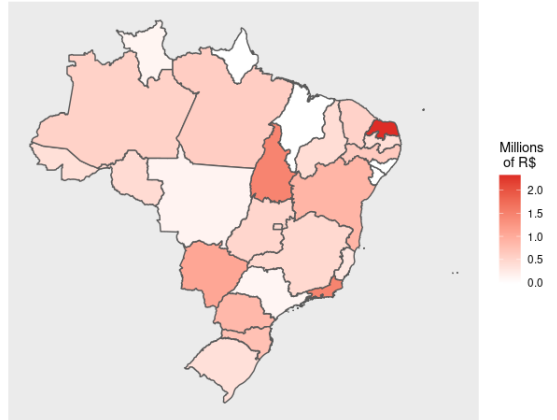
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PDT) - 2016



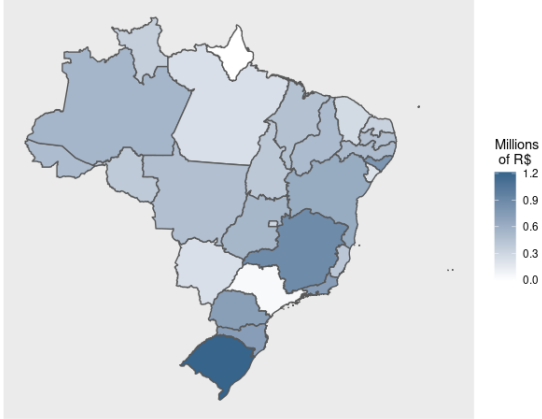
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PDT) - 2017



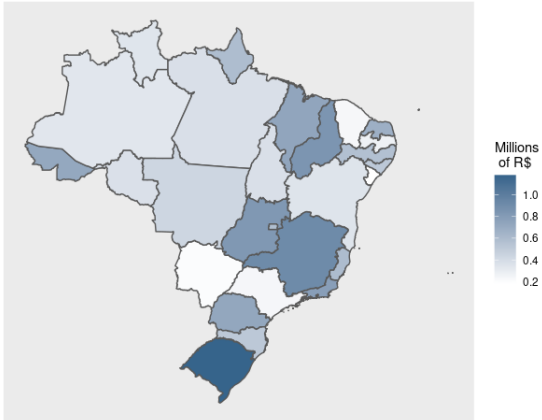
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PDT) - 2018



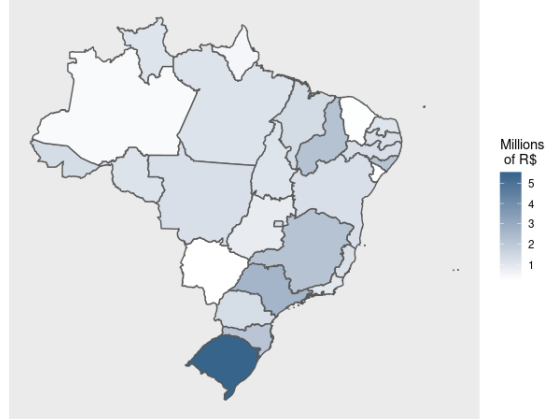
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PP) - 2015



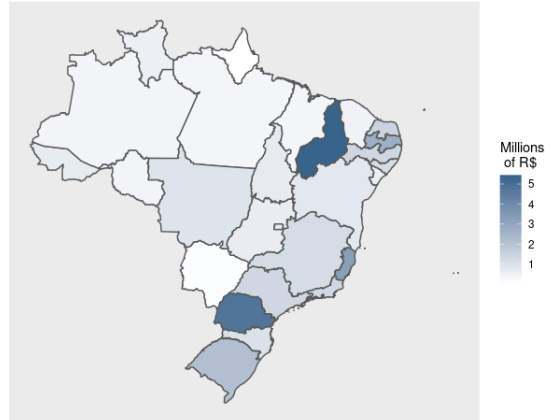
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PP) - 2017



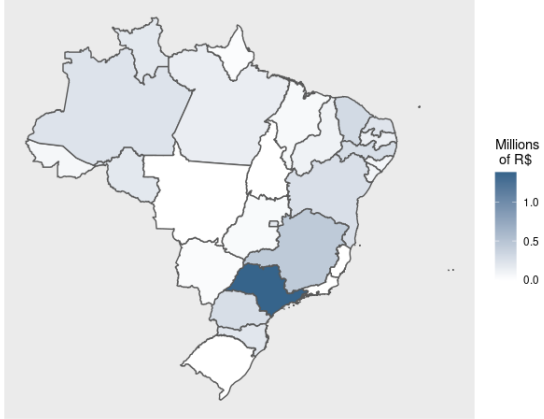
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PP) - 2016



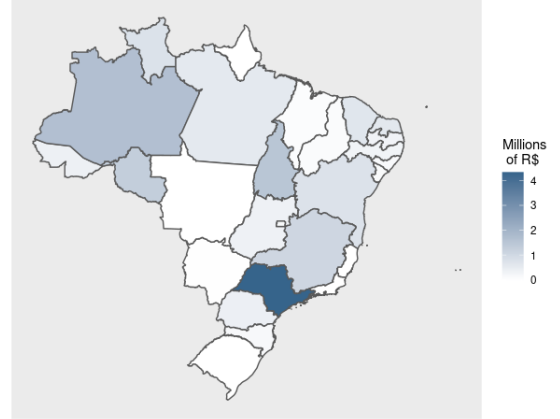
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PP) - 2018



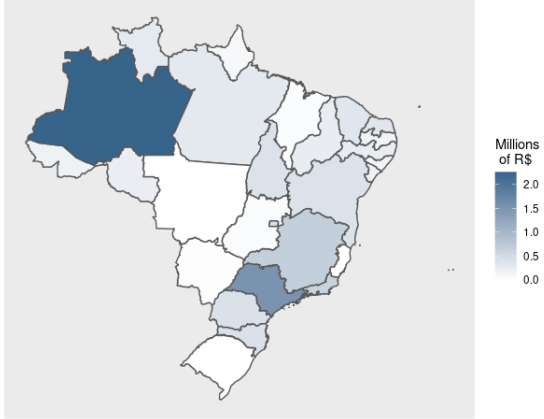
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PR) - 2015



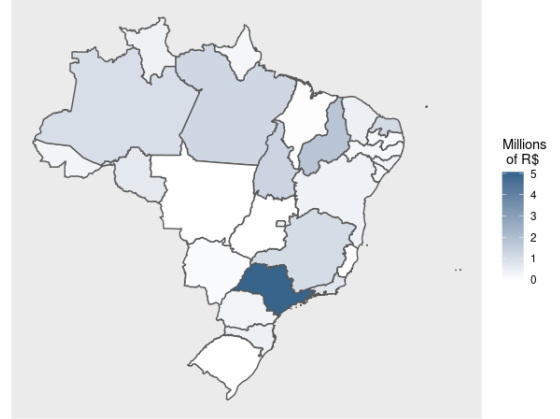
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PR) - 2016



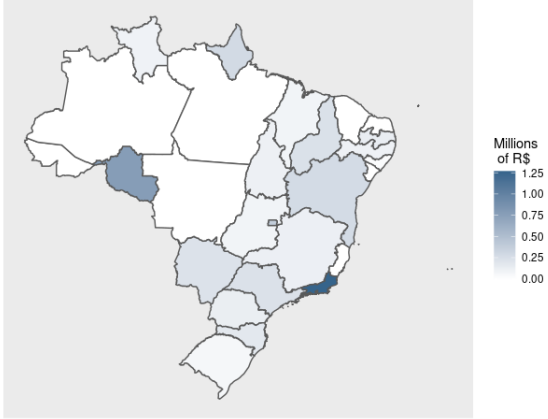
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PR) - 2017



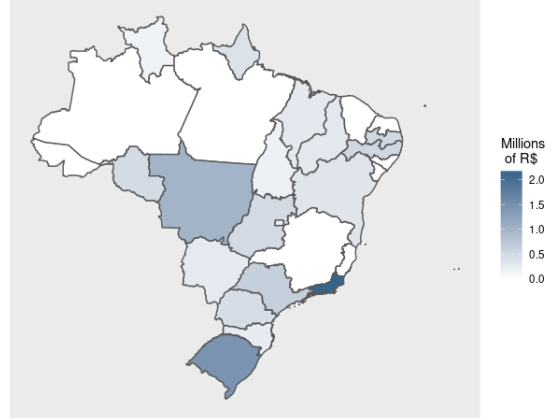
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PR) - 2018



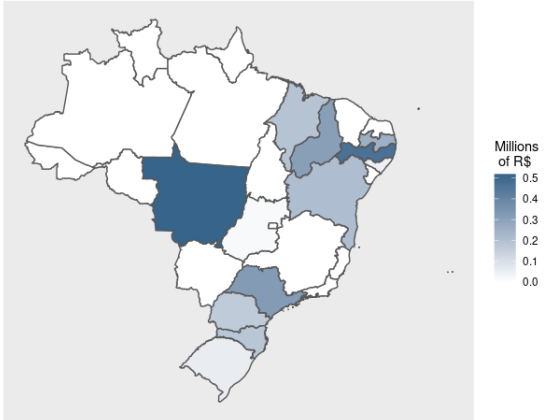
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PTB) - 2015



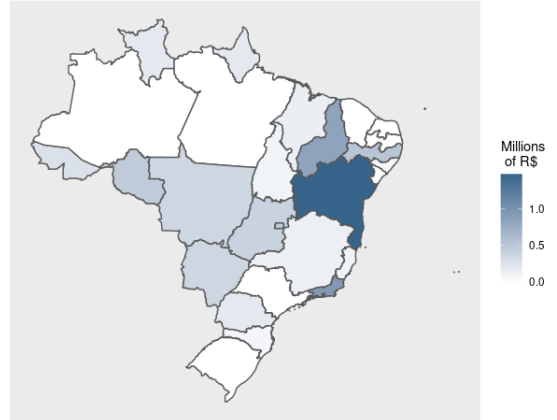
Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PTB) - 2016



Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PTB) - 2017



Total Amount of R\$ (from the Annual Public Fund) received from the National Committee by regional branch (PTB) - 2018



Brazilian Chamber of Deputies' representation (2015–2018)

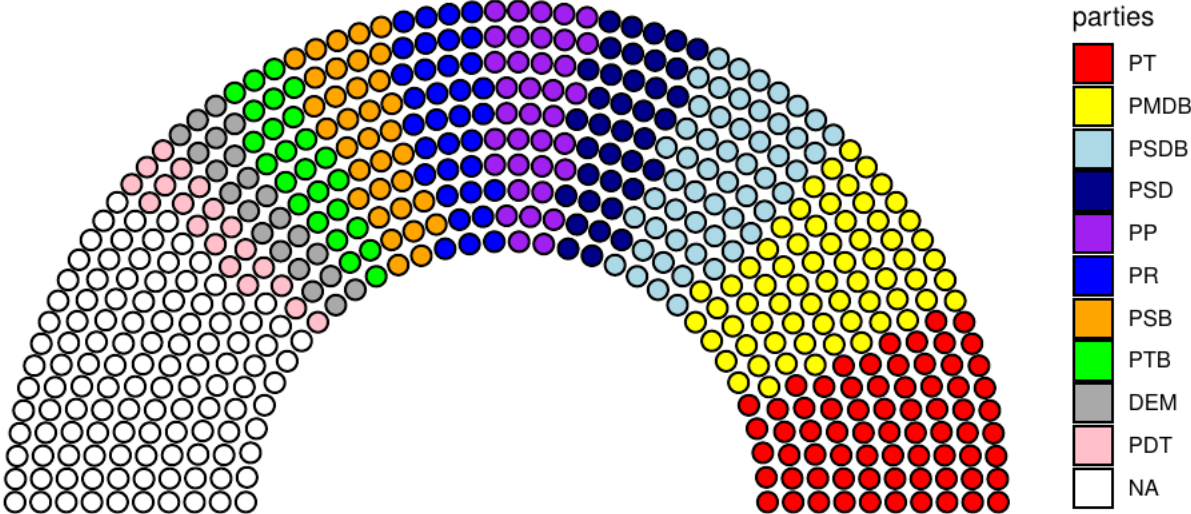


Table 2: Descriptive Statistics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
% of the Annual Public Fund amount that were distributed between regional branches	1,080	0.037	0.050	0.000	0.015	0.044	1.000
Treatment	1,080	0.465	0.499	0	0	1	1
% of 2014 elected Party's State Deputies	1,080	0.037	0.037	0.000	0.016	0.044	0.238
% of 2014 elected Party's Federal Deputies	1,080	0.078	0.077	0	0	0.1	0
% of 2014 elected Party's Senators elected	1,080	0.037	0.085	0	0	0	0
% of Party's Governors	1,080	0.026	0.097	0	0	0	1
Electoral District Size (national percentage)	1,080	0.037	0.045	0.002	0.013	0.044	0.224
% of Party's Affiliates from UF (party's national percentage)	1,080	0.037	0.044	0.001	0.011	0.043	0.280