

Can regional directors flourish their state committees' finances? Evidence from their presence into Brazilian Political Parties National Executive Committees *

Akira Pinto Medeiros[†], MA. Student

Department of Political Science, University of São Paulo (USP)

Abstract

This paper explores Brazilian Political Parties' regional branches financing in 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, 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 on the outcome is particularly strong in Parties that do not compete for the National Office.

Keywords: Political Parties; Multilevel Political Organisations; Political Parties Finances; Brazilian Political Parties; Vertical Integration;

*Paper prepared to be presented in the 10th Political Science Graduate Program students seminar (University of Sao Paulo), November 9th - 13th 2020. Please do not cite without the author's permission.

[†]Contact: akira.pinto@gmail.com or akira.medeiros@usp.br — Orcid ID: orcid.org/0000-0003-2763-8824

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 So, suddenly three-quarters of the money from political campaigns were withdrawn from the game.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"), and secondly, by creating a special public fund for campaigns (2017) - Electoral Fund ("Fundo Eleitoral"). 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 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 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?

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. 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 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 these resources¹, we can somehow expect similar patterns of distribution. This means that previous electoral success may drive the decisions inside parties. This variable is essential once the Electoral Superior Court (TSE) distributes Public Funds proportion-

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 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 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

ally to each party's representation in the National Congress. 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 success, we should expect to see regional branches that had better performed receiving more money from the Public Annual Fund. [BOTASSIO \(2018\)](#) confirmed 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 Public Annual Fund (Fundo Partidário) is being divided internally after 2015 by analysing data from the first electoral year in which we had national elections (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 these 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; and how well involved in the party's national decisions, sub-national organizations are. The paper aims to contribute to the forward understanding of Multilevel Party Organizations 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](#) I perform a review on the Brazilian political parties finance literature and multilevel party organisation; in [section 3](#) I present the hypotheses of the paper; in [section 4](#) I present the data; in [section 5](#) I discuss the treatment assignment mechanism and present the statistical model designed to address the problem; in [section 6](#) I present the results before leading to the conclusion in [section 7](#).

2 Literature Review

2.1 International studies on Political Parties' financing and multilevel party organisation

Little is known about the division of resources internally in Political Parties. Recently though, scholars have performed efforts to understand patterns of money distribution and its relation to multilevel party organisation.

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 (1951) classical work, these typologies evolved from cadre and mass parties to cartel parties as shown by KATZ and MAIR (1995, 1997). 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. *Cartel parties*, however, are closely linked to the state by receiving more massive amounts of public resources to maintain its activities.

Recent efforts to analyse multilevel political organisations, as DESCHOUWER (2003) suggested, were performed in order to avoid state-wide analysis. 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 present a defensive approach, investing more where they had performed well in the past, PRI seems to challenge more their opponents in a clear intention to expand its presence across Mexican states.

It is important to point though that 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 Committee² but also, from their own State Electoral Institute. Secondly, PRI's hegemony in the national office during the 20th century also may have stimulated PAN and PRD to develop local-oriented strategies.

More recently, [FLORIANO RIBEIRO and FABRE \(2019\)](#) performed analysis over Brazilian multilevel party organisations. Their primary interest is 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 National Executive Committee's of Brazilian political parties 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.

After all, this innovative study 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.

²As it happens in Brazil, Mexican Parties' National Executive Committees receive public funding through transference's from the Federal Electoral Institute (the Mexican's TSE).

2.2 Political Parties finances: The Brazilian case

Following what has been noticed by international studies from the 1990's decade ³, [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. 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](#)).

By looking at a non-electoral year, the author tried to avoid any contamination from electoral revenues. Even though nothing can guarantee the complete independence between revenues in non-electoral and electoral years, especially once private donations from companies were still allowed in 2007. After showing the evolution of Political Parties' financing law in Brazil, the author showed a steady increase in the total amount of money from the Annual Public Fund from 1995 to 2007. Additionally, he acknowledges that the 1995 "Lei dos Partidos Políticos" (Political Parties' law), turn easier for companies to donate to Parties but was not enough to surpass the State's position as the primary source of revenue for Brazilian Political Parties ([FLORIANO RIBEIRO, 2009](#)).

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 years' fund. ([FLORIANO RIBEIRO, 2009](#); [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 Fund⁴. That years' 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 ⁵. [BRAGA and BOURDOUKAN \(2010\)](#) infer that this change provoked

³See the classical work from [KATZ and MAIR \(1995, 1997\)](#).

⁴The only exception was the Communist Party of Brazil (PCdoB) in which the fund represented 43,1% of the Party's revenues for that year.

⁵This was exactly the year that the TSE published its resolution nº. 22.506 that redefined how the Public Annual Fund had to be divided between the Parties. This resolution increased the share of the Public

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% (BRAGA and BOURDOUKAN, 2010).

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 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.

It is clear that from 1998 to 2014, the amount of resources from companies financing political parties has grown. In 2010 and 2014 however, these resources were somehow eclipsed by a large number of declared "electoral donations". To reduce the noise caused by electoral money that was probably donated to parties to be distributed to candidates, SPECK and MACEDO CAMPOS (2015) have chosen to work just with non-electoral years. They have

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.

noticed that parties that occupy the presidency and that frequently dispute the presidential office consistently received more business donations, and, ideology does not seem to play a role for business donations.

By analysing a few parties, [BOTASSIO \(2018\)](#) tried to precisely understand how the Annual Public Fund (Fundo Partidário) is divided internally between five large Brazilian parties⁶ during 2007 and 2015. 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 division⁷. The intuition that leads this kind of verification is that when the Public Annual 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 of voters in each state) in PMDB and PT. For all these cases, however, we should understand its limitations in terms of explanation. Rather than properly explaining the money distribution in PMDB, PT, PSDB, PP, and DEM, the author finds correlations between variables.

Another study that unfortunately did not look at sub-national party units suggests that

⁶PT, PMDB, PSDB, DEM and PP.

⁷This is the specific case of PSB, that is represented in my data

Brazilian political parties are constantly centralising the Public Annual Fund in their National Committees (SCHAEFER, 2019). The author proposes that the National Executive Committees' level of 'parliamentarisation'⁸ 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 the division of the Public Annual Fund in Brazilian Political Parties.

The mentioned studies suggest that **the distribution of the Annual Public Fund inside Brazilian Political Parties depends on (1) the size of the Electoral district, and (2) the number of Federal Deputies elected in each state.** Additionally, depending on the capacity parties to compete for the national office, their strategies may differ.

3 Hypotheses

Since the prohibition of business donation to candidates and regional branches, Brazilian politicians faced themselves with just one reasonable source of money: their parties. So, the hypothesis for this paper can be defined as bellow:

H1: Regional branches with a presence inside its' hierarchically superior unit end up receiving more money from its' National Executive Committee.

This hypothesis may help the field in better understanding of one specific dimension of multi-level political organisation, its' party's agency, as previously looked by [FLORIANO RIBEIRO and FABRE \(2019\)](#). Additionally, a secondary hypothesis may also help in consolidating the

⁸This 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.

field, and it is described as:

H2: The money distribution for the Annual Public Fund inside the party's structure depends on (1) the size of the electoral district, and (2) the percentage of Federal Deputies elected in each state.

4 Data

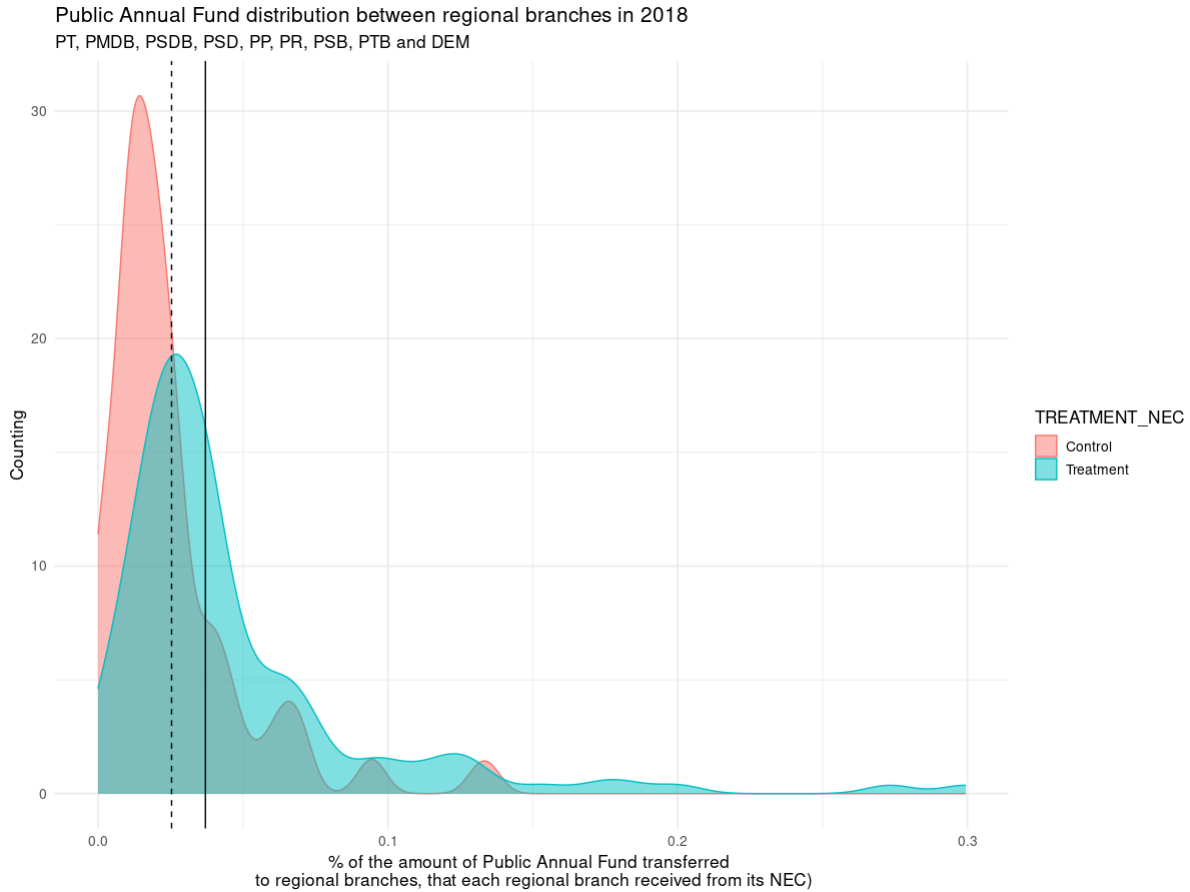
As my unit of analysis is at the state-level, I have 27 observations for each party every, representing all 26 states plus the Federal District (DF). Each observation represents one regional branch from one of the nine largest Brazilian Political Parties (PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB and DEM) in 2018, summing a total of 243 observations. The database was created using data collected from TSE's website. Most of the variables are electoral statistics such as governors elected in 2014 (and in office in 2018), 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 for the percentage of Public Annual Fund received by each regional branch from its NEC was extracted from each Party's Annual account documents, also from TSE's website. In the [Appendix](#), I present maps showing that the distribution of the Public Annual Fund into the nine most important Brazilian political parties in the Brazilian Congress during 2014-2018⁹, is not guided by the principle of equity. 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.

Finally, I 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. 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

⁹PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB and DEM

do not have (control - red). 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.



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). Identifying the effect of our treatment (presence of formal or current regional directors into the NEC) may provide 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, and DEM, I 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

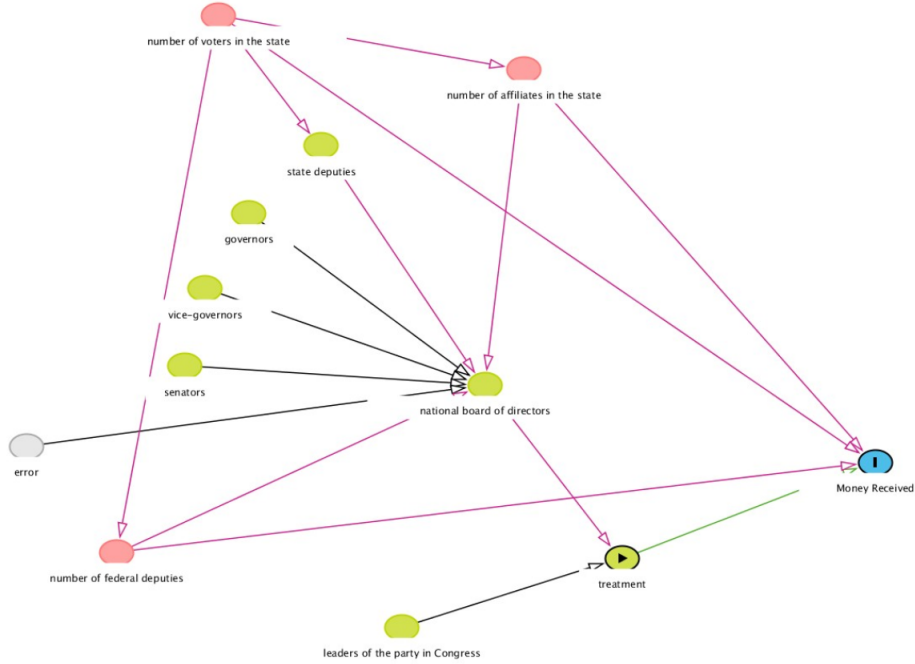
the party in each state¹⁰, (2) the size of the electoral district, (3) the number of federal deputies elected in the state, and (4) the number of elected state deputies. In this case, *electoral district size* and *Federal Deputies* are **confounders** to the treatment.

- **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.
- Finally, **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.

Bellow, we have a DAG (Direct Acyclic Graph) that represents the influences on the treat-

¹⁰Number of installed Municipal Branches for example.

ment 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:

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

Where $i = state$ and $p = PoliticalParty$

- $Money_{i,p}$ 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;
- $Treatment_{i,p}$ 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. Additionally, 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:

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

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. Those who do not compete, concentrate energies in holding their status where they already perform well (FLORIANO RIBEIRO and FABRE, 2019; HARBERS, 2014). In an effort to take this into consideration, I decided to run my models for two subsets of parties, one that competes nationally and another that does not.

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 statistical significance, suggesting that in general, when looking at all parties, regional branches with representation into its' NEC, receives 0.9% 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**¹¹ and **Regionally Competitive Parties**¹² respectively. In a nutshell, the findings suggest that the **treatment effect is around 1.5 percentage points, and it is statistically significant (p.value of 0.05) for parties that do not compete for the National Office**. In parties that compete for the National Office, the treatment effect is of just 0.4 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 1.5% is massive. This means that, on average, in regionally competitive (or regionally-oriented) parties, regional branches that

¹¹PT, PSDB, DEM and PSB.

¹²PMDB, PSD, PP, PR, PTB.

have representation into its' hierarchically superior unit, receives a boost of 40% (0.015 / 0.037) on their Annual Public Fund share in comparison to branches without this representation, once controlling for the *Electoral District Size* and the *% of elected Federal Deputies*.

Table 1: Money Distribution From the National Executive Committee to the Regional Branches in PT, PMDB, PSDB, PSD, PP, PR, PSB, PTB, and DEM) - 2018

<i>Dependent variable:</i>				
% of the Public Annual Fund amount distributed between regional branches				
	(1)	(2)	(3)	(4)
Treatment	0.009** (0.004)	0.010** (0.004)	0.004 (0.004)	0.015** (0.007)
State Deputies	-0.153* (0.087)			
Federal Deputies	0.398*** (0.080)	0.324*** (0.060)	0.411*** (0.060)	0.253** (0.101)
Senators	0.063** (0.024)			
Governors	0.035 (0.022)			
Electoral District Size	0.004*** (0.001)	0.003*** (0.001)	0.002** (0.001)	0.003*** (0.001)
Party's Size (Affiliates)	-0.196* (0.104)			
Constant	0.011*** (0.003)	0.010*** (0.003)	0.013*** (0.003)	0.009 (0.005)
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	243	243	108	135
R ²	0.428	0.393	0.624	0.296
Adjusted R ²	0.411	0.385	0.614	0.280
Residual Std. Error	0.031 (df = 235)	0.031 (df = 239)	0.021 (df = 104)	0.038 (df = 131)

Note:

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

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.

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 should 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 power inside its' Party structure end up receiving more money 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 were they are stronger (HARBERS, 2014), and where consequently, their elites have higher levels of autonomy from national elites (or more power inside the party's structure) (FLORIANO RIBEIRO and FABRE, 2019). 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).

8 References

Barbara Caroline BOTASSIO. *A dinâmica interna dos partidos brasileiros na alocação de recursos do Fundo Partidário*. Dissertação de Mestrado, UFSCar, São Carlos, SP, Brasil, February 2018. URL <https://repositorio.ufscar.br/handle/ufscar/11030>. tex.copyright: Acesso aberto.

Maria do Socorro Sousa BRAGA and Adla BOURDOUKAN. Partidos políticos no Brasil: organização partidária, competição eleitoral e financiamento público. *Perspectivas: Revista de Ciências Sociais*, 35: 117–148, February 2010. ISSN 1984-0241. URL <http://seer.fclar.unesp.br/perspectivas/article/view/2290>. tex.copyright: Direitos autorais 2010 Perspectivas: Revista de Ciências Sociais.

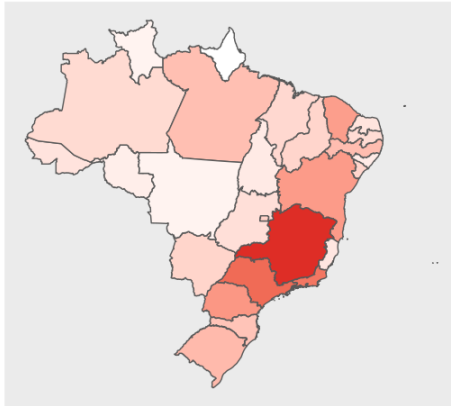
- Kris DESCHOUWER. Political Parties in Multi-Layered Systems. *European Urban and Regional Studies*, 10(3):213–226, July 2003. ISSN 0969-7764, 1461-7145. doi: 10.1177/09697764030103003.
- Maurice DUVERGER. *Los partidos políticos*. FCE, 1951. ISBN 978-968-16-0286-4.
- Pedro FLORIANO RIBEIRO and Elodie FABRE. Multilevel party organizations in a fragmented presidential system: The case of Brazil. *Regional and Federal Studies*, 30(4):525–555, March 2019. ISSN 1743-9434. doi: <https://doi.org/10.1080/13597566.2019.1591375>.
- Pedro José FLORIANO RIBEIRO. Financiamento partidário no Brasil: Propondo uma nova agenda de pesquisas. *Sociedade e Cultura*, 12(1):33–44, 2009. ISSN 1980-8194.
- Imke HARBERS. States and strategy in new federal democracies: Competitiveness and intra-party resource allocation in Mexico. *Party Politics*, 20(6):823–835, 2014. ISSN 1460-3683. doi: 10.1177/1354068812458611.
- Ivan JAIRO JUNCKES, Rodrigo ROSSI HOROCHOVSKI, Neilor FERMINO CAMARGO, Edson ARMANDO SILVA, and Alides BAPTISTA CHIMIN JUNIOR. Poder e Democracia: uma análise da rede de financiamento eleitoral em 2014 no Brasil. *Revista Brasileira de Ciências Sociais*, 34(100):1–22, 2019. ISSN 1806-9053. doi: <http://dx.doi.org/10.1590/3410006/2019>.
- Richard S. KATZ and Peter MAIR. Changing Models of Party Organization and Party Democracy: The Emergence of the Cartel Party. *Party Politics*, 1(1):5–28, 1995. ISSN 1460-3683. doi: <https://doi.org/10.1177/1354068895001001001>.
- Richard S. KATZ and Peter MAIR. Party organization, party democracy, and the emergence of the cartel party. In *Party System Change: Approaches and Interpretations*, pages 93–119. Oxford University Press, New York, USA, 1 edition, 1997. ISBN 978-0-19-829235-7.
- Silvana KRAUSE, Maurício Michel REBELLO, and Josimar GONÇALVES DA SILVA. O perfil do financiamento dos partidos brasileiros (2006-2012): o que as tipologias dizem? *Revista Brasileira de Ciência Política*, 16:247–272, 2015. ISSN 2178-4884. doi: <http://dx.doi.org/10.1590/0103-335220151610>.
- Scott MAINWARING. Party Systems in the Third Wave. *Journal of Democracy* 9(3), 67-81. doi:10.1353/jod.1998.0049. *Journal of Democracy*, 9(3):67–81, July 1998. ISSN 1086-3214. doi: 10.1353/jod.1998.0049. URL <https://muse.jhu.edu/article/16902>.
- Daniel MARCELINO. *Sobre Dinheiro e Eleições: Um estudo dos Gastos de Campanha para o Congresso Nacional em 2002 e 2006*. Dissertação de Mestrado, Universidade de Brasília (UnB), Brasília, DF, Brasil, 2010.

- Lara MESQUITA, Jonathan PHILLIPS, and Natália SALGADO BUENO. Os Custos da Campanha Eleitoral no Brasil: Uma análise baseada em evidência. Technical report, Fundação Getulio Vargas: Centro de Política e Economia do Setor Público, São Paulo, 2019.
- Vitor de Moraes PEIXOTO. *Eleições e Financiamento de Campanhas no Brasil*. Tese de Doutorado, Instituto Universitário de Pesquisas do Rio de Janeiro - IUPERJ, Rio de Janeiro, RJ, Brasil, 2010.
- Renato PERISSINOTTO and Bruno BOLOGNESI. Electoral Success and Political Institutionalization in the Federal Deputy Elections in Brazil (1998, 2002 and 2006)1. *Brazilian Political Science Review*, 4(1): 10–32, 2010. ISSN 1981-3821.
- Renato PERISSINOTTO and Fernanda FERNANDES VEIGA. Profissionalização política, processo seletivo e recursos partidários: uma análise da percepção dos candidatos do PT, PMDB, PSDB e DEM nas eleições para Deputado Federal de 2010. *Opinião Pública*, 20(1):49–66, 2014. ISSN 1807-0191. doi: <https://doi.org/10.1590/S0104-62762014000100003>.
- Rodrigo ROSSI HOROCHOVSKI, Ivan JAIRO JUNCKES, Edson ARMANDO SILVA, Joseli MARIA SILVA, and Neilor FERMINO CAMARGO. Estruturas de poder nas redes de financiamento político nas eleições de 2010 no Brasil. *Opinião Pública*, 22(1):28–55, April 2016. ISSN 1807-0191. doi: <http://dx.doi.org/10.1590/1807-0191201622128>. URL <https://periodicos.sbu.unicamp.br/ojs/index.php/op/article/view/8646018>.
- Bruno Marques SCHAEFER. *As lógicas de distribuição do fundo partidário : centralização e nacionalização dos partidos brasileiros (2011-2015)*. Dissertação de Mestrado, UFRGS, Porto Alegre, RS, Brasil, 2018. URL <https://lume.ufrgs.br/handle/10183/178174>. tex.copyright: Open Access.
- Bruno Marques SCHAEFER. Centralização dos partidos brasileiros: evidências a partir da distribuição do fundo partidário (2010-2016). *Revista Teoria & Pesquisa*, 28(2):24, 2019. tex.ids: schaeferCentralizacao-DosPartidos2019.
- Bruno Wilhelm SPECK and Mauro MACEDO CAMPOS. Financiamento dos diretórios nacionais dos partidos políticos no Brasil: uma análise das doações privadas para as organizações partidárias entre 1998 e 2014. In *39^o Encontro Nacional da ANPOCS*, pages 1–23, Caxambu, MG, Brasil, 2015. Associação Nacional de Pós-Graduação e Pesquisa em Ciências Sociais.
- Bruno Wilhelm SPECK and Wagner PRALON MANCUSO. Financiamento Empresarial na Eleição para Deputado Federal (2002-2010): Determinantes e Consequências. *Teoria e Sociedade*, 23(2):103–125, 2015. ISSN 1518-4471. URL <http://www.fafich.ufmg.br/revistasociedade/index.php/rts/article/view/206>. tex.ids: wilhelmspeckFinanciamentoEmpresarialNa2015a.

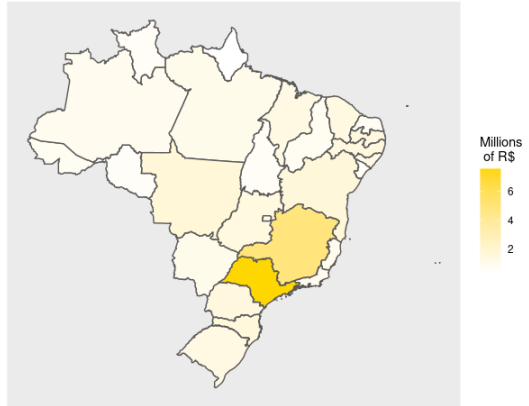
Emerson URIZZI CERVI, Adriano CODATO, Renato PERISSINOTTO, and Luiz DOMINGOS COSTA.
Dinheiro, profissão e partido: a vitória na eleição para deputado federal no Brasil em 2010. *Revista
Sociedade e Estado*, 30(1):17, 2015. ISSN 1980-5462. doi: 10.1590/S0102-69922015000100011. URL
<http://periodicos.unb.br/index.php/estado/article/view/18558>.

9 Appendix

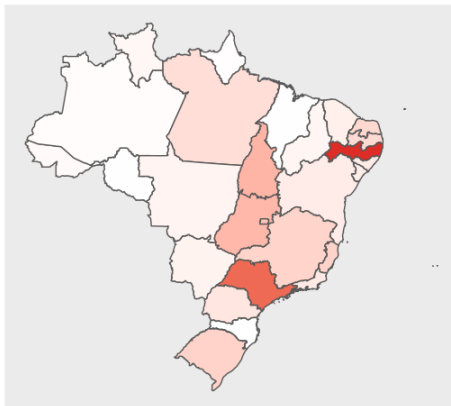
Total Amount of R\$ (from the Public Annual Fund) received from the National Committee by state (PT) - 2018



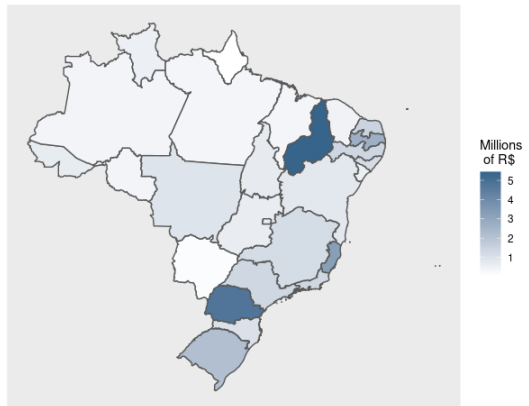
Total Amount of R\$ (from the Public Annual Fund) received from the National Committee by state (PSDB) - 2018



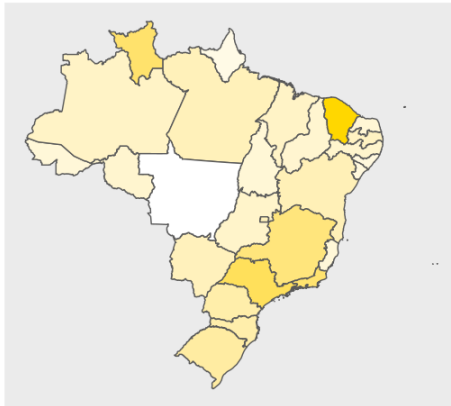
Total Amount of R\$ (from the Public Annual Fund) received from the National Committee by state (PSB) - 2018



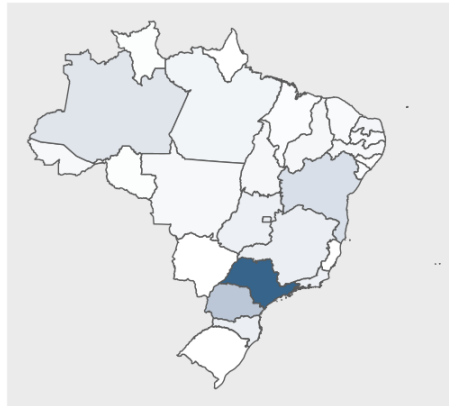
Total Amount of R\$ (from the Public Annual Fund) received from the National Committee by state (PP) - 2018



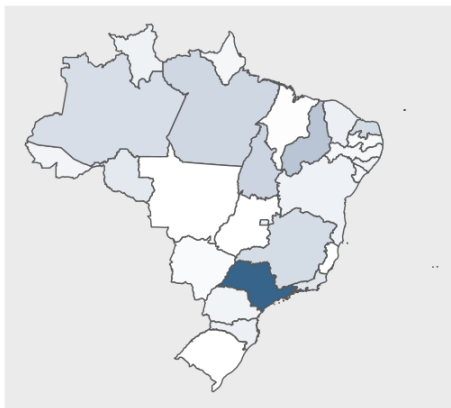
Total Amount of R\$ (from the Public Annual Fund) received from the National Committee by state (PMDB) - 2018



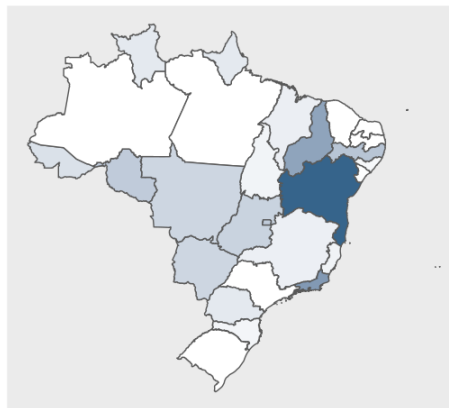
Total Amount of R\$ (from the Public Annual Fund) received from the National Committee by state (PSD) - 2018



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



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



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

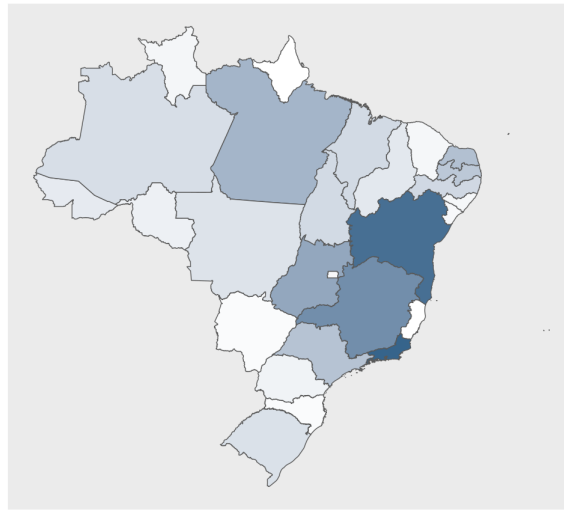


Table 2: Descriptive Statistics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
% of the Annual Public Fund amount that were distributed between regional branches	243	0.037	0.040	0.000	0.015	0.042	0.299
Treatment	243	0.551	0.498	0	0	1	1
% of 2014 elected Party's State Deputies	243	0.037	0.038	0.000	0.016	0.044	0.238
% of 2014 elected Party's Federal Deputies	243	0.037	0.045	0.000	0.000	0.048	0.259
% of 2014 elected Party's Senators elected	243	0.037	0.086	0	0	0	0
% of 2018 Party's Governors	243	0.025	0.093	0	0	0	1
Electoral District Size (national percentage)	243	3.692	4.489	0.223	1.281	4.480	22.386
% of Party's Affiliates from UF (party's national percentage)	243	0.037	0.043	0.001	0.011	0.044	0.280