

# Brazil: Weak Parties but Strong Governance?

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# Outline

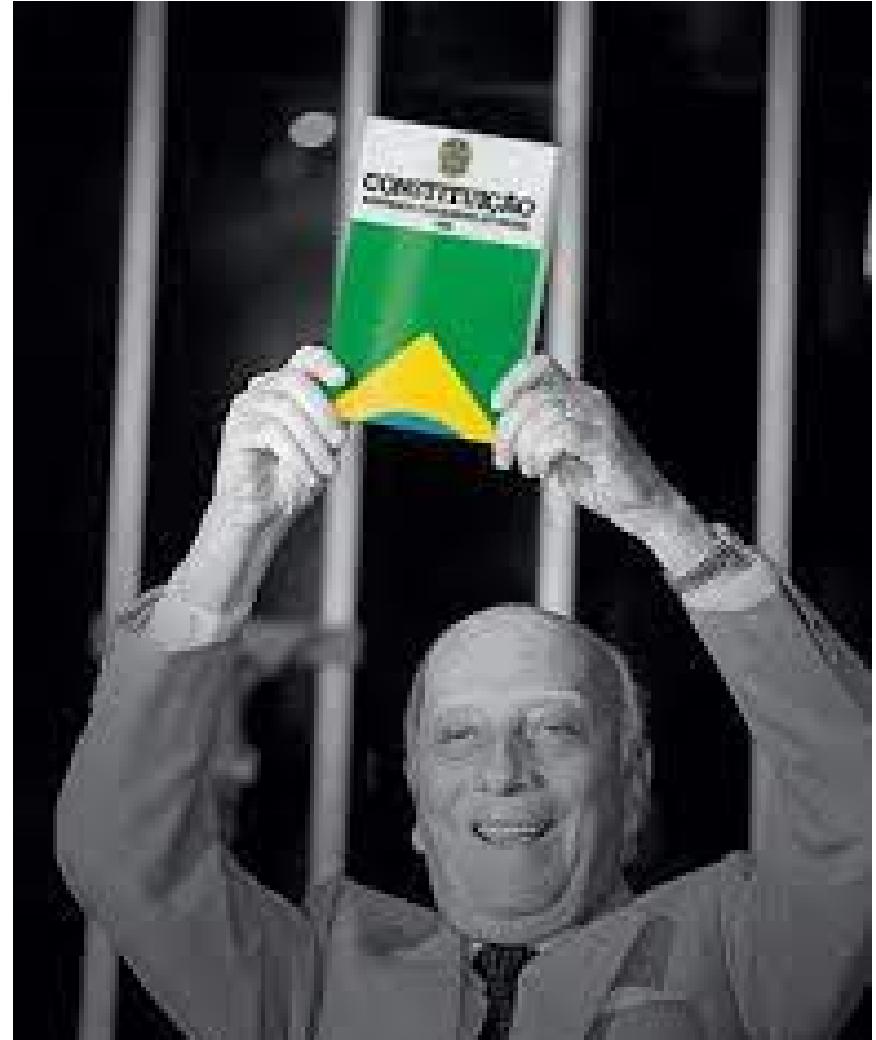
- First half of the lecture:
  - A brief overview of the Brazilian political system: Fragmented parties, open-list proportional representation, and strong presidential rule (Figueiredo and Limongi, 2000)
  - How Brazilian parties became more ideological over time (Hagopian, Gervasoni and Moraes, 2008)
  - Brazil's new populist right: The rise (and fall?) of Jair Bolsonaro (Hunter and Power, 2019)
- Second half of the lecture:
  - Our new research on legislature size and welfare provision in Brazil (Mignozzetti, Cepaluni and Freire, 2021)
  - Questions



# An overview of the Brazilian political system

# Background: 1964 to 1985 - military dictatorship and democratisation

- From 1964 to 1985, Brazil was under military rule
- In 1988, Congress promulgated a new democratic constitution
- Presidential system with **open-list proportional representation** and unrestricted number of parties
- More than 30 active parties in Congress
- All governments are by definition **coalition governments**, ranging from five to ten parties (or more)
- Massive transaction costs



# Background: 1985 until today - democratic consolidation

- Improvements:

- Regular, free and fair elections
- 4<sup>th</sup> largest democracy
- 100% electronic voting
- Significant social improvements
- New social movements
- Peaceful transitions of power

- Ongoing problems:

- Widespread political corruption
- Persistent economic inequality
- Hyper-inflation until President Cardoso's **Plano Real** in 1994
- Volatile electorate
- Low-quality education



# What the literature said in the early 1990s

- Most political scientists believed that Brazil was too difficult to govern, thus the large-scale reforms the country needed would never be implemented
- Even high-profile politicians shared this view. President Cardoso, who ruled from 1994 to 2002, lamented that Brazil's "ideologically fuzzy" political parties and autonomous politicians made the task of gathering a majority for a bill a "case-by-case exercise" requiring arduous negotiations (*apud* Hagopian, Gervasoni and Moraes, 2008, 361)
- The problem of governance in Brazil could be summarised as follows:

*The combination of undisciplined parties, party system fragmentation, and federalism disperses power and makes it difficult for presidents to establish solid support in Congress. [...] This is why the presidents' lack of reliable majority support in Congress presented problems for effective governance. And it is why Sarney, Collor, and Franco had a hard time getting their agendas accomplished despite possessing sweeping constitutional powers.*

— Mainwaring and Shugart (1997)



# But is Brazil indeed impossible to govern?

*Hint: It's not!*

# Figueiredo and Limongi

- Previous authors did not pay much attention to **the inner workings of political parties in Brazil**
- More importantly, scholars relied too much on **anecdotal evidence and legislation** to make inferences about the National Congress
- Figueiredo and Limongi (2000) went in the opposite direction:
  - Manually counted each legislative vote and estimated how often Congress approved executive-sponsored bills
  - Very high rates of approval: 78%
  - Highly disciplined government coalitions
  - **Presidents do form successful governments**
- Question: *How do governments monitor and enforce party discipline?*

# Presidential legislative power and centralised legislative work

- Institutional variables explain the success of presidential coalitions
- Presidential powers:
  - Presidents can issue provisional decrees with immediate force of law
  - Congress has 30 days to vote
  - If not voted, they lose efficacy
  - **However, they can be reissued**
  - This indicates the government is interested in the decree
  - **Executive controls the budget and appointed positions**, so they can punish party that do not align with the government
- Centralised legislative work:
  - Parties above 5% of seats announce their official position on issues
  - We can compare how many deputies actually followed party positions
  - Results: **Mean discipline above 85%** for biggest parties
  - **Leaders control campaign funding**, so deputies that do not follow guidelines have less money

# Bills presented

**Table 1** Results of Bills Presented according to Initiator, 1989–1997

Results		Presented	Enacted	Rejected	Other*	In Progress	Totally Vetoed
Executive	Budgetary	830	825	4	-	1	-
	P. Decree	446	320	14	53	57	2
	Other	605	317	6	146	128	8
	Sub-total	1881	1462	24	199	186	10
Legislature		9454**	236	158**	na***	9006**	114**

\* Includes bills or decrees closed, appended to another bill, withdrawn and without efficacy.

\*\* Includes data only until 1994.

\*\*\* Not Available

# Party discipline

**Table 2** Average Proportion of Disciplined Votes by Political Party, 1989–1998

Party	% discipline	N*
PT	98.4	533
PDT	92.1	505
PSDB	90.7	538
PMDB	85.0	538
PTB	87.9	506
PFL	93.1	531
PPB	87.4	509

\* Variations are due to roll calls in which the leader does not announce the party position.

# Coalitions are stable

**Table 3** Average Proportion of Coalition Votes for Presidential Agenda by Types of Coalition Support, 1989–98

Cabinet	All parties support	At least one party leaves open	At least one party opposes	All parties oppose
Sarney	90.8	65.5	-	19.2
Collor I	92.6	70.4	53.2	10.6
Collor II	93.2	96.8	-	--
Franco I	93.0	74.7	65.8	--
Franco II	96.5	--	73.9	--
Cardoso I	91.4	82.5	51.0	--
Cardosoll	90.8	83.7	67.0	5.0
All	91.4	78.7	60.3	10.1

N= 434

# Figueiredo and Limongi: Wrap-up

- Presidential coalitions are stable, parties are disciplined, and deputies have **no incentives to be in opposition**
- **Executive controls budget** and deputies want their amendments to be executed
- **Leaders control party finances**, and highly competitive campaigns require substantial funding
- Executive dominance found in Brazil is **similar to that of parliamentary regimes**
- Therefore, **presidential regimes can be as effective as parliamentary ones**

# Digging a bit deeper into party discipline

- Why have Brazilian parties become more disciplined?
- Electoral volatility decreased and party unity rose considerably in the 1990s-2000s
- While the left-wing Workers' Party (*Partido dos Trabalhadores - PT*) has always been disciplined, this is also true **for all big parties**
- Question: *What explains the emergence of party-oriented legislators in Brazil?*

# Market reforms and party discipline

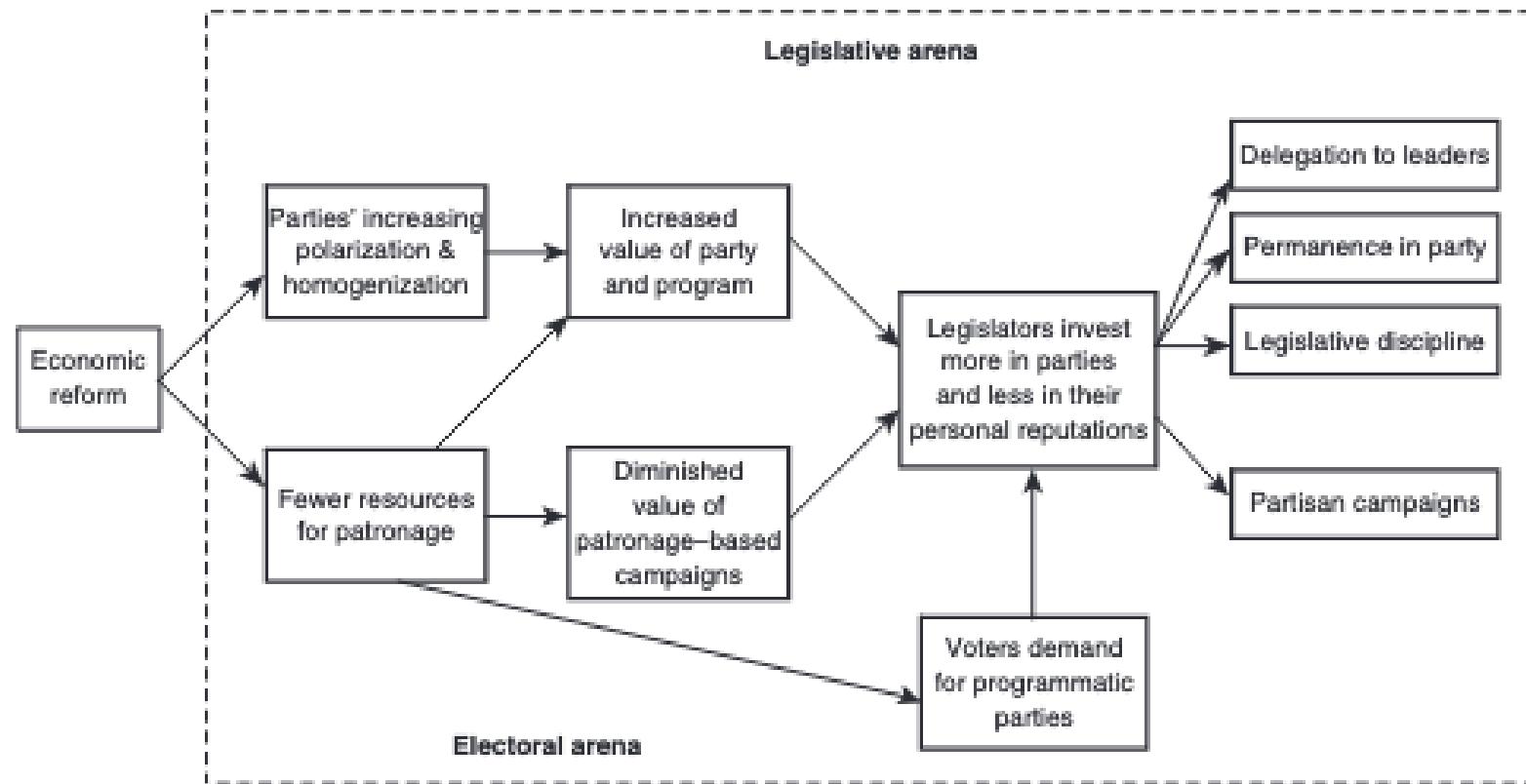
- Hagopian, Gervasoni and Moraes (2008) argue that the answer lies *in market-oriented reforms* proposed by President Cardoso (1994-2002)
- What is the mechanism that links economic liberalism and stronger parties?
- In the early 1990s, Cardoso launched a large liberalisation programme, selling many large state-owned enterprises and adopting fiscal discipline
- Market reforms reduce the scope for patronage and clientelism
- With fewer political appointments and money that could be captured by state officials, individual candidates have fewer resources to distribute to voters

# Market reforms and party discipline

- Privatisation and fiscal discipline often create winners and losers
- The public becomes **more polarised about the issue**
- Parties then have an incentive to become more programmatic, either in favour or against market reforms
- Power then becomes concentrated in party leaders and more ideologically-driven candidates
- Combined with less pork available, **this leads to a reduction in the number of candidates**
- The result?
- **More disciplined members tend to be elected and have more power within the party**

# Model explained

Figure 1  
The Changing Utilities of Program and Patronage



# Empirical results

**Table 1**  
Explaining Party-Oriented Behavior

Theoretical Approach and Variables (Predicted Effects in Parentheses)	Partisan Campaigns		Delegation		No Party Switching		Voting Discipline	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<b>Electoral connection</b>								
(-) Electoral security	0.28 (0.20)	0.25 (0.19)	0.01 (0.16)	—	-0.04 (0.61)	—	-1.43 (2.56)	—
(-) District magnitude (log)	0.17 (0.25)	—	—	—	—	—	—	—
(-) Dominance	-0.10 (1.37)	—	0.60 (0.95)	—	0.85 (2.66)	—	11.11 (14.42)	—
<b>Progressive career ambition</b>								
(-) State ambition	0.12 (0.25)	—	-0.09 (0.20)	—	-0.57 (0.62)	-0.46 (0.56)	-8.94*** (3.05)	-7.12*** (2.61)
<b>Level of development</b>								
(+) GDP per capita (log)	0.50* (0.28)	0.63*** (0.20)	0.33* (0.19)	0.19 (0.15)	0.77 (0.57)	0.83* (0.50)	3.59 (2.75)	2.59 (2.25)
<b>Networks</b>								
(-) Local contact	-0.22* (0.13)	-0.23* (0.12)	0.08 (0.11)	—	0.22 (0.35)	—	-2.00 (1.72)	-1.66 (1.37)
(-) State contact	0.04 (0.09)	—	-0.04 (0.12)	—	-1.10*** (0.38)	-1.11*** (0.33)	-0.82 (1.74)	—
(*) State coalition	—	—	-0.34 (0.22)	-0.39** (0.16)	0.41 (0.63)	0.34 (0.57)	4.55 (3.44)	3.71 (2.47)
(+) State Contact *	—	—	—	—	—	—	—	—
State Coalition	—	—	-0.04 (0.16)	—	1.38*** (0.51)	1.41*** (0.45)	-0.98 (2.50)	—
(*) Coalition	—	—	0.26 (0.35)	—	0.01 (1.01)	—	3.65 (5.07)	—

(continued)

# Empirical results

378

**Table 1 (continued)**

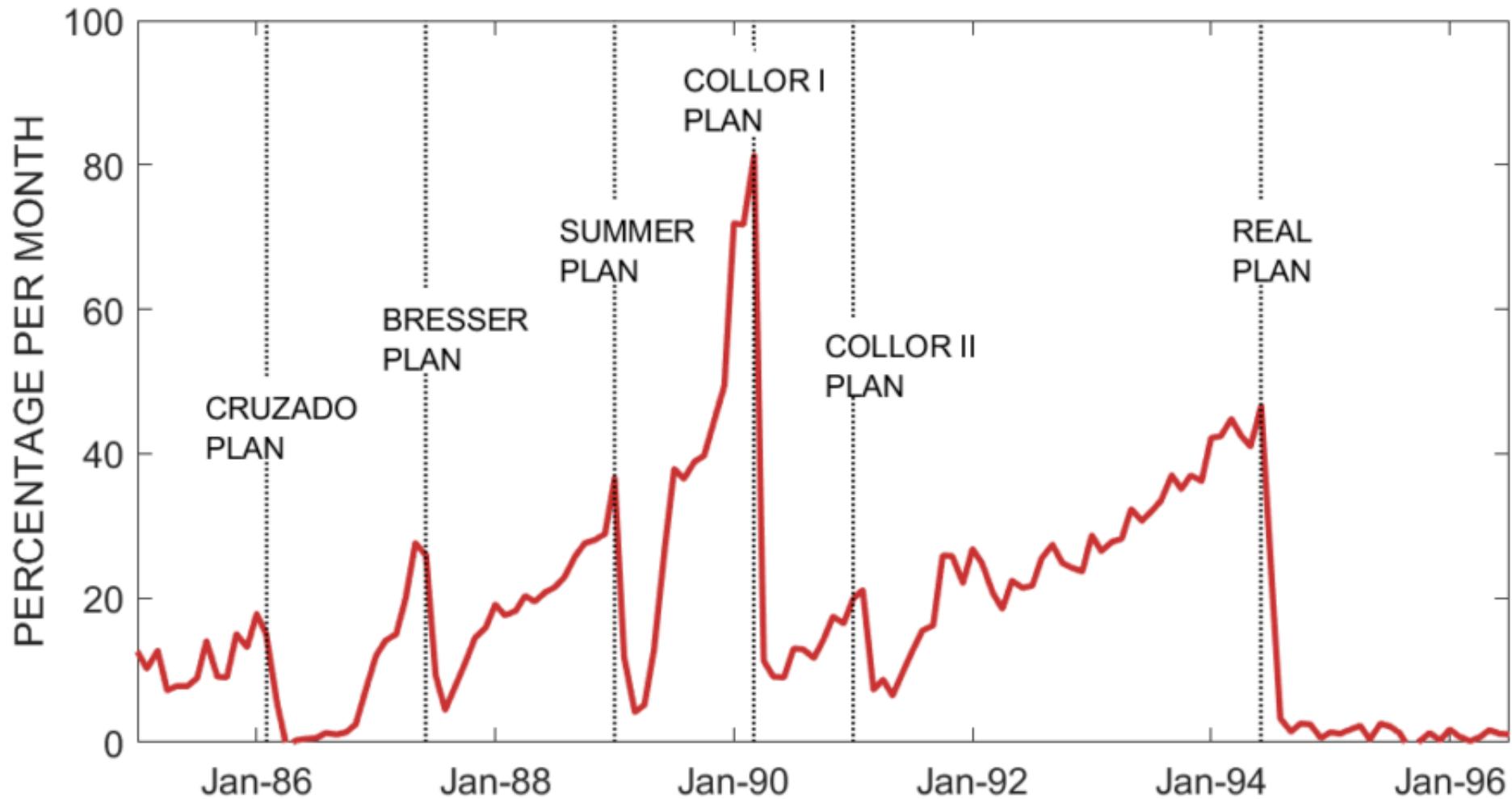
Theoretical Approach and Variables (Predicted Effects in Parentheses)	Partisan Campaigns		Delegation		No Party Switching		Voting Discipline	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<b>Material payoffs</b>								
(-) Amendments funded (%)	—	—	0.004 (0.010)	—	-0.03 (0.02)	—	0.11 (0.15)	—
(+) Coalition * Amendments Funded (%)	—	—	-0.006 (0.011)	—	0.02 (0.02)	—	-0.14 (0.17)	—
<b>Changing utilities</b>								
(+) Party polarization	-0.25 (0.21)	-0.26 (0.20)	0.70*** (0.19)	0.66*** (0.14)	0.92* (0.52)	0.98* (0.51)	9.21*** (2.77)	9.13*** (2.14)
(+) Program value	0.28** (0.11)	0.27*** (0.10)	—	—	—	—	—	—
(-) Patronage value	-0.10 (0.09)	-0.10 (0.08)	—	—	—	—	—	—
(+) Voter loyalty value	—	—	0.29*** (0.08)	0.29*** (0.07)	0.50* (0.27)	0.67*** (0.25)	—	—
(-) Policy distance	—	—	0.38 (0.22)	0.36* (0.19)	—	—	-6.14* (3.42)	-5.34* (2.98)
Intercept	-1.72 (2.01)	-2.30 (1.70)	-3.57** (1.84)	-1.97 (1.28)	-6.78 (5.18)	-7.22* (4.32)	47.67* (26.23)	58.49*** (19.83)
N	107	110	102	113	110	120	106	116
R <sup>2</sup> / pseudo R <sup>2</sup>	.20	.19	.36	.36	.26	.27	.32	.28
Adjusted R <sup>2</sup>	.11	.14	.26	.33	—	—	.23	.24
Prob. > F / Prob. > χ <sup>2</sup>	.015	.001	.000	.000	.002	.000	.000	.000

Note: Standard errors appear in parentheses. (\*) = No effect is predicted because this variable is part of an interaction effect.

\*p ≤ .10. \*\*p < .05. \*\*\*p < .01.

# Hagopian, Gervasoni and Moraes: Wrap-up

- GDP per capita is positively associated with partisan campaigns, delegation, and no party switching
- Local networks are negative correlated with those measures
- Importantly, **party polarisation and programme value** are strongly associated with partisan campaigns, delegation, no party switching, and voting discipline
- Thus, market reforms help presidents to form more programmatic coalitions and change power from local politicians to ideological party leaders







Rio 2016



FIFA WORLD CUP  
Brasil

# The Economist

NOVEMBER 14TH-20TH 2009

Economist.com

The decline of music piracy

Nigeria gets better

Farmers v greens in America

How drugs are being decriminalised

Bland bosses

## Brazil takes off



**But then what happened?**



2009



2013



2016

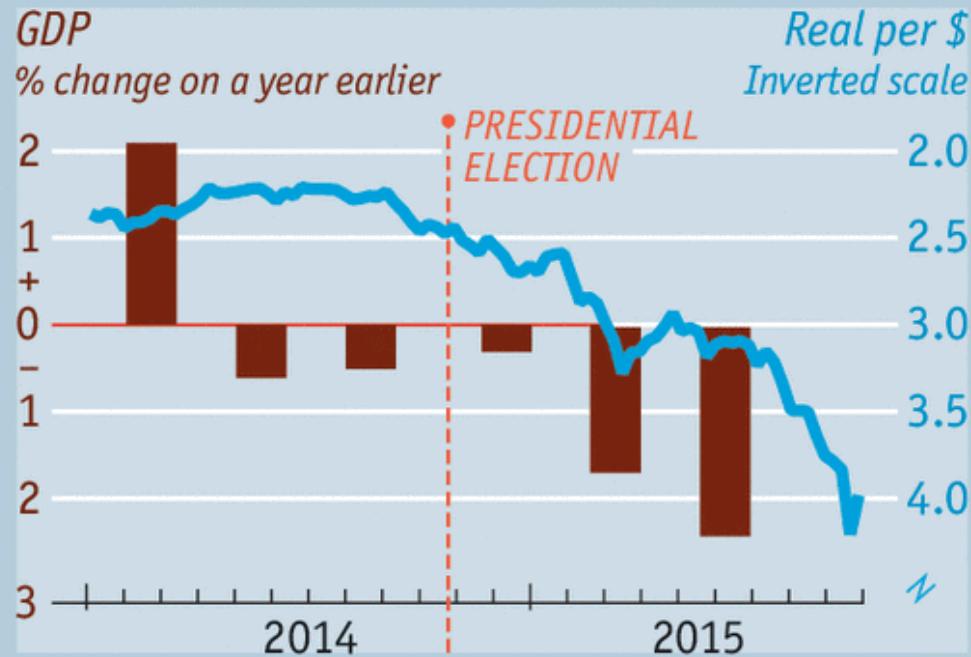
# The perfect storm part 1: Dilma Rousseff's failed economic policies

- Lula left his government in 2010 with 80% approval
- Dilma Rousseff succeeded him, and she presided over the worst economic crisis Brazil had in 100 years
- GDP declined by 8% in two years (2014-2016), the entire GDP of Peru
- Unemployment rose to 13%, underemployment to 24%
- She lost support of their coalition (and even her own party), and was impeached in 2016
- Demand for **anti-left** candidates

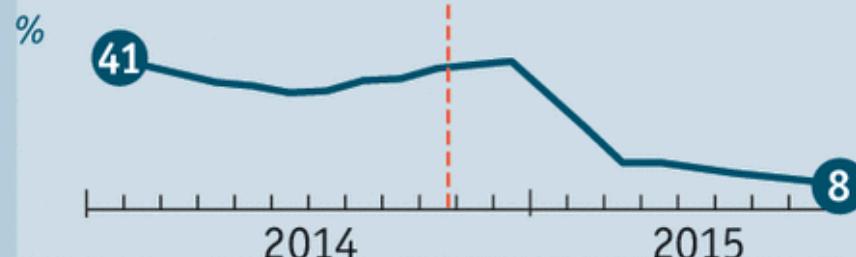


# Doom and gloom

Brazil



Dilma Rousseff's approval rating



Sources: Thomson Reuters; Datafolha

# The perfect storm part 2: *Lava Jato*

- The *Operation Car Wash (Lava Jato)* was a massive investigation against political corruption in Brazil
- Started investigating money laundering in auto-service stations
- Ended up with a much larger bribery at Petrobras, which embroiled even former President Lula
- Lula was eventually arrested in 2017
- Strong sentiment against the Workers' Party and democracy
- Demand for anti-establishment candidates



# The perfect storm part 3: Rising crime

- Given the serious economic crisis, criminality started to rise
- Both rich and poor citizens sought credible promises of protection
- More than 60k people were murdered in 2017, murder rate was 30.8 per 100,000 people - even worse than Mexico's
- Strong support for *mano dura* policies
- Demand for law and order candidates



An anti-left, anti-establishment, hard-line candidate?



## Some reasons for optimism

- Despite Bolsonaro's election, Brazilian institutions have worked well
- Courts have limited his abuses, political opposition has been very strong
- A largely independent candidate, Bolsonaro has not been able to form a solid coalition, what shows that parties remain crucial for governance
- Population also punished him for his handling of the pandemic: 20% of approval
- Eventually, Lula was elected for a third term by a very tight margin (~1.5%)
- However, *bolsonarismo* has outlasted Bolsonaro

# Lula's third term

- Improvements:

- New plan of investment and infrastructure
- Social reforms: more diversity in politics
- New social movements: LGBT+, black movements
- Good approval ratings for the president

- Ongoing problems:

- Fierce political opposition: Bolsonarismo
- Extreme polarization
- Economic populism
- Controversial foreign policy
- Shadow of corruption scandals



**Time for a quick break?**

# **Legislature Size and Welfare: Evidence from Brazil**

Umberto Mignozzetti (University of California, San Diego)

Gabriel Cepaluni (University of Notre Dame)

Danilo Freire (Lincoln)

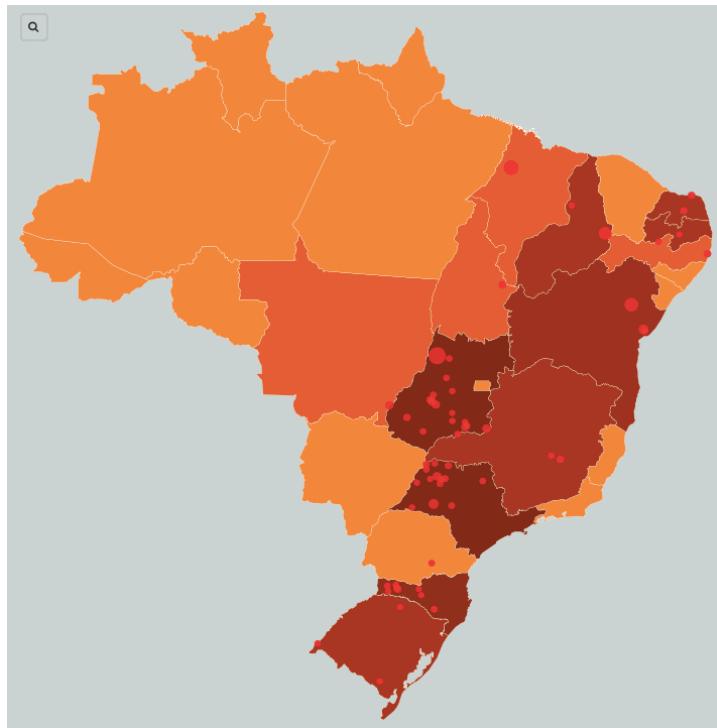
# Motivation

- Institutional design significantly impacts redistributive politics
- Yet little is known about the effect of legislative features on policy outcomes
- Here we tackle one question that all democracies face in their institution building process:
- Does increasing legislature size result in better public service delivery?

# Motivation

- The number of legislators affects policymaking, taxation, government spending, and representation
- However, larger legislatures not only increase bargaining costs to the government...
- ..but they can also be expensive to taxpayers

# Motivation



Councils that cost more than US\$ 80.00 per capita (red dots)



City with highest cost per capita: US\$ 400

# What we do

- We propose a formal model to explain how legislature size affects bargaining costs in city councils
- We exploit exogenous variation in Brazilian city council sizes and test whether larger legislatures improve public service provision
- We analyse the contents of 346,553 bills to see whether there is an increase in legislation related to public service delivery
- We survey 174 former councillors to investigate potential political mechanisms and provide qualitative evidence for our results

# What we find

- Larger city councils change the composition of mayoral coalitions and the number of appointed bureaucrats in the municipality
- The extra city councillor has a 91 percent chance of belonging to the mayor's pre-electoral coalition, what *decreases* the bargaining costs for the mayor and boosts investments in public services
- Municipalities with larger city councils have around 15 percent more public goods provision proposals

# What we find

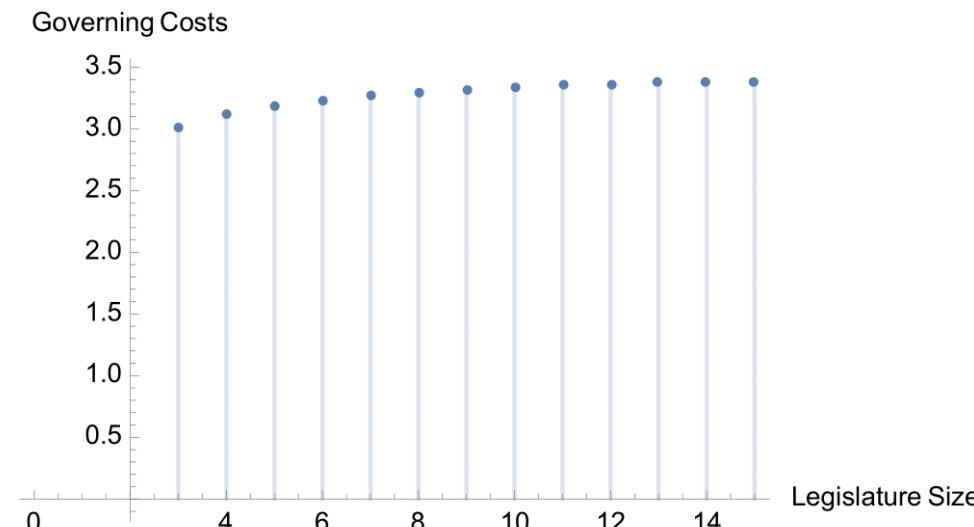
- Increasing city council size by one legislator lowers infant mortality by 2 children per one thousand infants born and reduces post-neonatal mortality by 0.90 children per one thousand infants that survived their first 28 days
- A larger council size also increases enrolment by 2.58 children in elementary education classrooms without diminishing school quality
- In sum, increasing legislature size does result in better public service provision (at least in Brazil!)

# Number of legislators and social welfare

- Alchian and Demzets (1972): team productivity
  - More legislators: increase productivity frontier but risk of moral hazard
- Weingast et al. (1981): Law of  $1/n$ 
  - Diffuse costs and concentrated benefits: Free-riding on common pool taxes. Overprovision (?)
- Crain et al. (1979, 1982, 2012): Representation of interest groups
  - Easier to lobby but coordination problems within legislature
  - More representation, better service provision
- Empirical findings: mixed evidence (Freire et al., 2021)

# Governing costs without partisanship

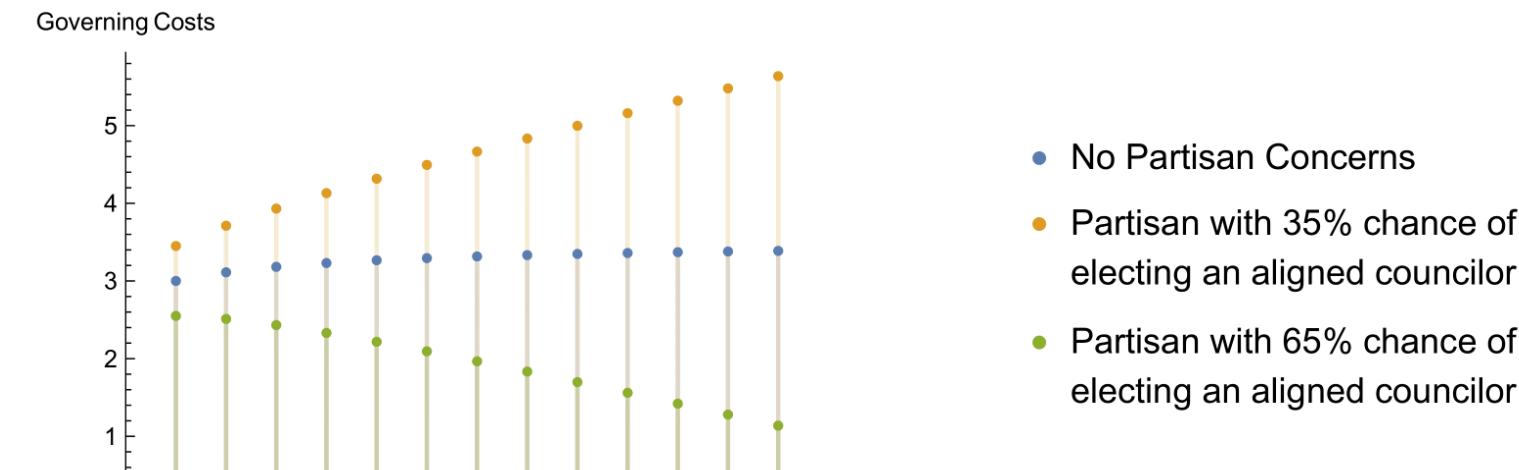
- (After some algebra, which I'll happily skip here!)
- In the baseline non-partisan reversal policy, bargaining costs always increase when the size of the legislature increases



Bargaining costs increase in larger legislatures

# Governing costs with partisanship

- If the chances of electing a councillor aligned with the mayor are high, increasing legislature size decreases the costs of governing
- Thus, more public goods provision (and rents)



Bargaining costs decrease with partisanship

# Empirical strategy

- Brazil is the ideal test ground for this theory
  - The country has wide variation in terms of welfare
  - The budget is mostly fixed (transfers)
  - And city council size changed in 2005 and 2008 in a way that allows us to study the effect council size on welfare
- Councils before law change:

Min.	Leg.	Max.	Leg.	Min.	Pop.	Max.	Pop.	Num.	Mun.	Bin
(2001-2004)										
1	9		21		0	1,000,000			5,537	
2	33		41		1,000,001	5,000,000			11	
3	42		55		5,000,001		∞		2	

# Arbitrary council sizes

- Municipalities used to define council sizes inefficiently:



Nova Russa (25,000 inhabitants and 21 councilors)



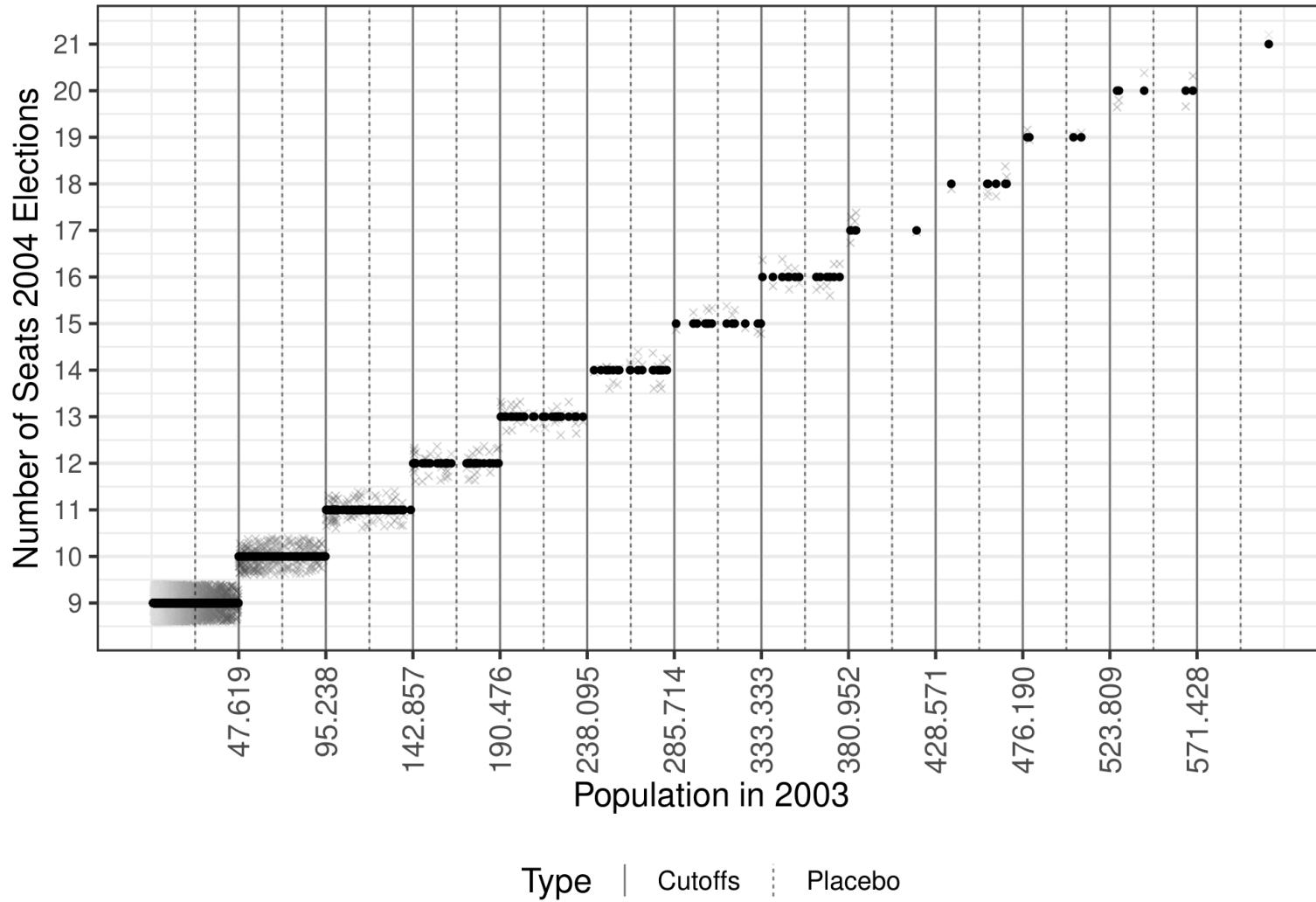
Sorocaba (550,000 inhabitants and 14 councilors)

# Mira Estrela



Mira Estrela: 2,000 inhabitants and 11 councilors

# Supreme Court ruling



# Estimation

- Sharp RD: municipalities close to thresholds are comparable
- Only difference: legislature size
- A perfect RDD estimation relies on three assumptions:
  - No manipulation
  - For multiple thresholds: multiplicity correction
  - No pre-treatment variation.
- We developed an estimation technique for the multiple cutoffs problem.

# Legislature size, representation, and composition of local chambers

- *H1*: Bargaining costs decrease with legislature size when the chance of electing a government-aligned legislator is high
- *H2*: Public goods provision increases when bargaining costs decrease
- Alternative hypothesis:
  - *AH1*: Female representation increases with legislature size
  - *AH2*: Non-whites representation increase with legislature size
  - *AH3*: Election competitiveness increases with legislature size
  - *AH4*: The legislative production increases with legislature size

# Legislature size, representation, and composition of local chambers

<b>Panel A: Representation, Competition, and Legislation Approval</b>				
	(1) Num. Female councillors	(2) Num. Non-white councillors	(3) Candidates Per Seat	(4) Prop. Laws Approved Council
LATE	0.22 (0.38)	0.60 (0.85)	-0.19 (1.11)	-0.02 (0.08)
N Left	5183	239	5184	3424
N Right	343	158	343	269
Eff N Left	195	47	179	227
Eff N Right	145	47	132	141
BW Loc Poly	8.623	2.958	8.144	10.976
BW Bias	13.565	4.922	12.018	16.708

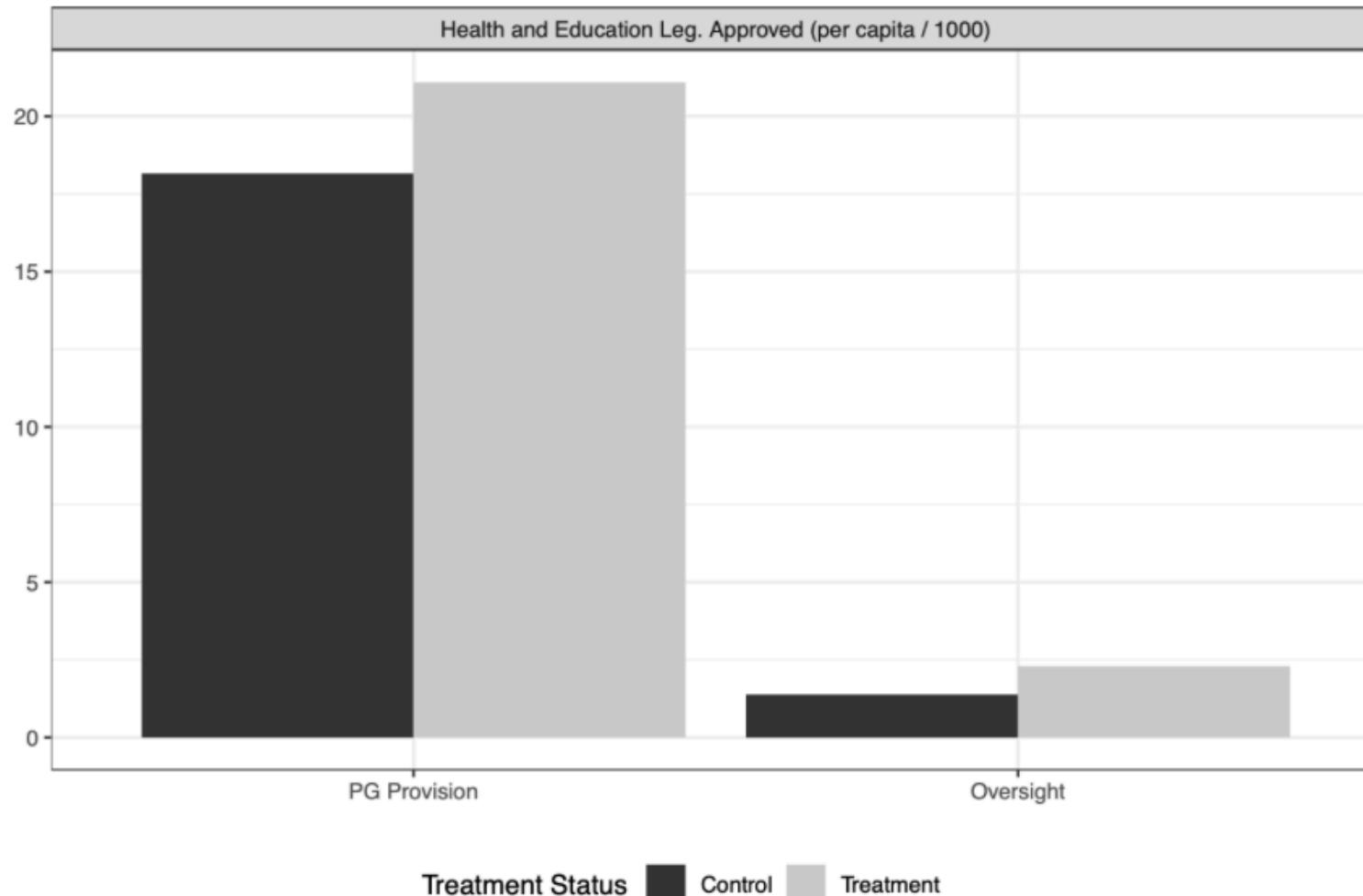
  

<b>Panel B: Partisan Alignment and Bureaucratic Appointments</b>		
	(5) Mayoral Coalition Size	(6) Num. Politically Bureaucrats
LATE	0.91* (0.50)	104.49* (61.53)
N Left	5179	15536
N Right	343	1027
Eff N Left	244	372
Eff N Right	162	343
BW Loc Poly	10.025	6.242
BW Bias	15.889	10.243

# Effect of legislature size on welfare

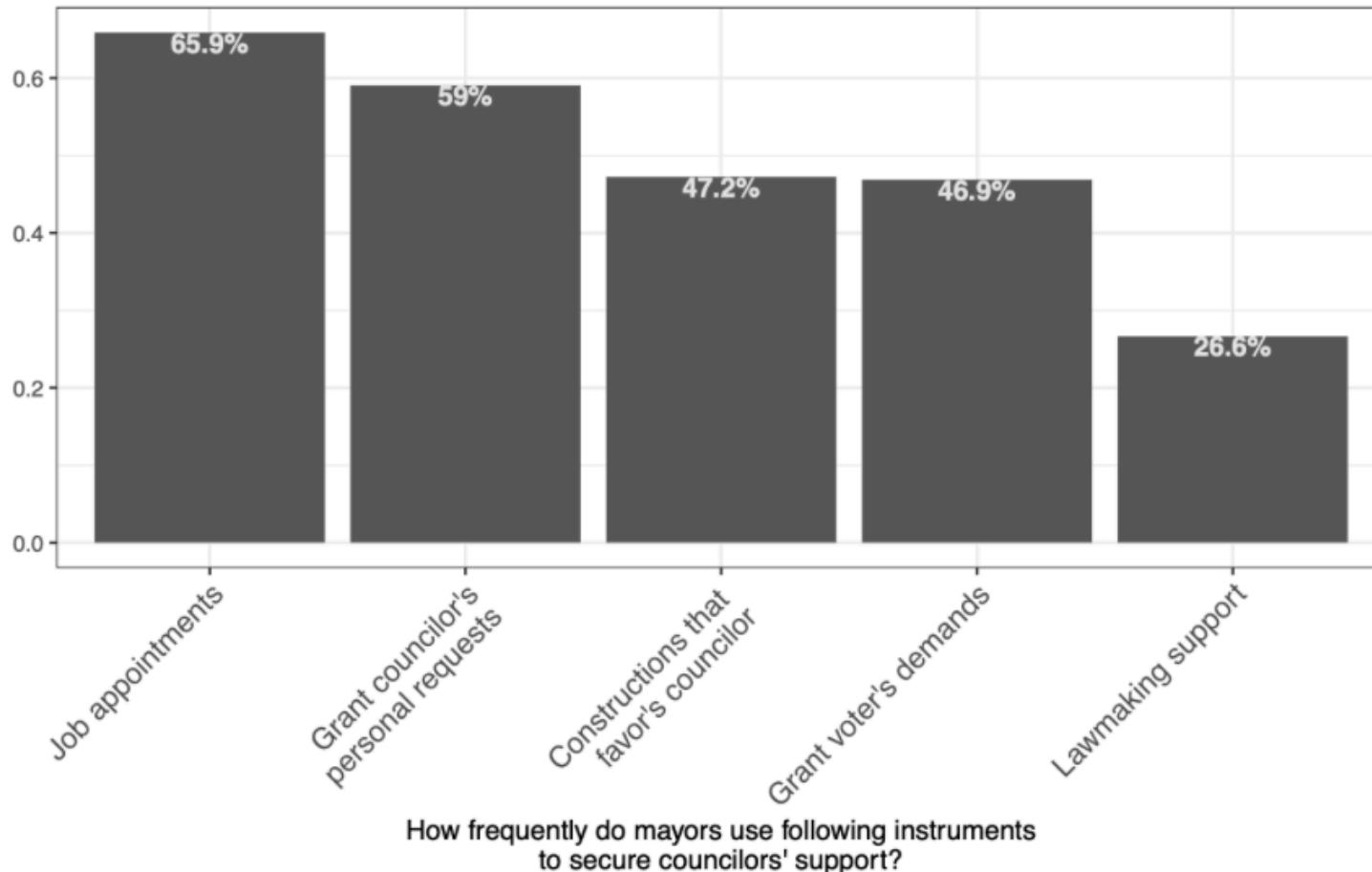
Council Size and Welfare – Main Estimates				
	(1) Infant Mortality	(2) Postneonatal Mortality	(3) School Enrollment	(4) Education Quality
LATE	-2.01** (0.79)	-0.90* (0.48)	2.52*** (0.80)	-0.03 (0.13)
N Left	12299	5441	10156	8597
N Right	1029	672	686	669
Eff N Left	501	324	206	409
Eff N Right	381	244	208	291
BW Loc Poly	7.527	7.564	5.425	9.05
BW Bias	11.95	11.01	10.58	15.107
Council Size and Welfare – Placebo Estimates				
	(5) Infant Mortality	(6) Postneonatal Mortality	(7) School Enrollment	(8) Education Quality
LATE	-1.14 (1.05)	-0.19 (0.22)	0.44 (0.61)	-0.10 (0.11)
N Left	10613	17236	9040	7528
N Right	2715	3624	1802	1738
Eff N Left	1210	780	1210	1255
Eff N Right	890	664	728	752
BW Loc Poly	4.838	2.807	6.364	6.873
BW Bias	7.143	8.041	9.68	10.291

# Evidence from proposed legislation



# Evidence from former legislators

Figure 2: Mayoral Instruments for Securing Councilors' Support



# Discussion

- Partisanship considerably decreases bargaining costs, improving welfare
- Increasing the council size results in gains in elementary school enrolment and in lower infant mortality without decreasing school quality
- Our findings are consistent with the hypothesis that former Presidents Cardoso and Lula increased social indicators due to large government coalitions

# Discussion

- Implications that extend beyond Brazil. Several countries have local city councils and multiparty systems, so the dynamics we expose here may explain how fragmented legislatures are not synonymous with policy paralysis
- In contrast with well-established theories that point out that multipartism is a peril to democratic regimes
- Our findings may help us understand why countries in Latin America and Asia can generate effective governance despite having strong executives and large coalitions

# Further research

- If the mechanism we suggest is indeed at work, more support for the Executive means better public goods
  - How extensive should the city council's checking prerogatives be, as they significantly reduce the provision of public services?
- It remains uncertain how other legislative features affect welfare
  - What is the effect of monetary compensation for councillors and committee structure on public welfare?
- Any suggestions on how to tackle these questions are greatly appreciated! :)

# Questions?

# Seminar discussion

- Discuss the strengths and weaknesses of Brazil's open-list proportional representation system and the presence of a large number of political parties in Congress.
- Discuss the role of coalitions in both Brazilian and British politics. How do coalition governments function in the two countries, and how do they impact the effectiveness of governance?
- How do the experiences of minority and marginalized groups in politics differ between Brazil and the UK? Discuss the representation of these groups in both countries' political parties and legislatures.
- What lessons can Brazil and the UK learn from each other's political systems in terms of promoting democratic stability, effective governance, and inclusive representation?

**Thank you very much!**

# Contact information

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