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## Subnational autocratic governments in Latin America: the impact of economic diversification<sup>1</sup>

AREA: 4  
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*Gobiernos autocráticos subnacionales en América latina: el impacto de la diversificación económica.  
Governos autocráticos subnacionais na América latina: o impacto da diversificação econômica.*

*In Latin American democracies, many provinces and states display autocratic characteristics that are at odds with the national democratic context. The literature on subnational authoritarianism has cope with this puzzle, but the explanations rely mostly on the political and economic role of the national government. In order to explain the emergence and resilience of autocratic subnational governments, I present a theory that looks into the internal dynamics. I argue that subnational autocracies are possible in a context of low economic diversification. Undiversified economies with a dominant economic sector create a network of interests aligned with the incumbent and reduce the support for the opposition parties. In more diversified economies the inter-capitalist competition transfers economic actors' demands to the political arena, financing opposition parties whenever they feel they are being unheard. I find evidence to support my argument and flesh out the mechanisms at work in a "most similar case" comparison of two neighboring states in Brazil: Bahia and Minas Gerais.*

*En las democracias latinoamericanas, muchas provincias y estados muestran características autocráticas que contrastan con el contexto democrático nacional. La literatura sobre el autoritarismo subnacional ha lidiado con este interrogante, pero las explicaciones se basan principalmente en el rol político y económico del gobierno nacional. Para explicar el surgimiento y la resiliencia de gobiernos subnacionales autocráticos, presento una teoría que analiza las dinámicas internas. Sostengo que las autocracias subnacionales son posibles en un contexto de baja diversificación económica. Las economías no diversificadas, con un sector económico dominante, crean una red de intereses alineada con el gobierno local y reducen el apoyo a los partidos de la oposición. En las economías más diversificadas, la competencia inter-capitalista transfiere las demandas de los actores económicos a la arena política, financiando a los partidos de la oposición cuando sienten que no se los escucha. Presento evidencia para apoyar el argumento y desarrollar los mecanismos de funcionamiento mediante una comparación de "casos más similares" en dos estados vecinos de Brasil: Bahía y Minas Gerais.*

*Nas democracias latino-americanas, muitas províncias e estados apresentam características autocráticas que contrastam com o contexto democrático nacional. A literatura sobre o autoritarismo subnacional lidou com esse problema, mas as explicações estão centradas principalmente no papel político e econômico do governo nacional. Para explicar o surgimento e a resiliência dos governos subnacionais autocráticos, apresento uma teoria que analisa a dinâmica interna dos países Latino-Americanos. Eu argumento que as autocracias subnacionais são possíveis em um contexto de baixa diversificação econômica. As economias não diversificadas, com um setor econômico dominante, criam uma rede de interesses alinhada com o governo vigente e reduzem o apoio aos partidos da oposição. Em economias mais diversificadas, a competição inter-capitalista transfere as demandas dos atores econômicos para a arena política, financiando partidos de oposição sempre que eles sentem que as suas demandas não estão sendo ouvidas. Eu encontrei evidências que apoiam o meu argumento e mapeiam a dinâmica descrita na pesquisa no trabalho em uma comparação de "casos mais semelhantes" entre dois estados vizinhos no Brasil: Bahia e Minas Gerais.*

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## 1. Introduction

Once a country has democratized at the national level, what allows it to retain autocratic enclaves in its provincial governments? In Latin American democracies, many provinces display autocratic characteristics that contrast with the national democratic context. These autocratic characteristics can vary from minor differences in the transparency of electoral procedures or rule of law to full-blown authoritarianism with political persecution, control of the media, limited division of power and clientelistic use of the provincial budget (O'Donnell 2004; Gibson 2012; Behrend and Whitehead 2016). Citizens that might otherwise express dissent or back opposition parties will either have to support the provincial government or refrain from expressing dissent (Gervasoni 2010).

I argue that local autocracies are possible in a context of low economic diversification, which facilitates the homogenization of economic interests and limits the number and strength of opposition parties. The central mechanism that links the economic structure with the level of democracy is the role that business sectors have as the main contributors to political campaigns. Since it is impossible to compete in an election without funds, the availability of campaign donors determines the chances of success. It then follows that an undiversified economy with a dominant economic production usually leads to a network of interests aligned with the incumbent and reduces the chances of financing the opposition. In a more diversified economy, we will find various economic groups and a more diversified network of interests. The inter-capitalist competition that emerges from a more complex economy will translate their demands to the political arena, financing opposition parties whenever they feel their demands are going unheard. Moreover, higher diversification also implies a distribution of power among more actors and an obstacle for autocratic figures to concentrate power.

To define the phenomenon it is important to consider/remember that subnational autocracies exist in the context of democratic countries, and that they are embedded in the institutional framework of a democratic government. This means that they have regular elections for local and national authorities, they have formal institutional checks and balances, and liberties are guaranteed by the national constitution. Nonetheless, autocratic governors are still able to establish an autocratic government, controlling the state, limiting liberties and affecting democracy. As the literature on subnational authoritarianism in Latin America has pointed out (Hernandez Valdez 2000; Borges 2007; Montero 2007; Gervasoni 2010; Gibson 2012; Giraudy 2015; McMann 2017; Suárez-Cao et.al. 2017), these governments present similarities with what the broader literature has defined as illiberal democracies (Zakaria 1997), competitive authoritarianism (Levitsky and Way 2002) and electoral authoritarianism (Schedler 2009).

The objective of this article is to advance a theory on the emergence and endurance of autocratic enclaves in democratic countries and evaluate its validity through qualitative analysis. This also allows to flesh out the mechanism described in the theory and provide basis for a generalization in Latin America. For this purpose, I've selected a pair comparison in Brazil, a country with a federal system and a large and heterogeneous number of states. The comparison between Bahia and Minas Gerais controls for alternative explanations while isolating the dependent and independent variable. Through a "most similar cases" method, I traced the mechanisms described in the theory to confirm my argument.

### KEYWORDS

**subnational;  
democracy;  
authoritarianism;  
autocracy;  
Latin America;  
economic  
diversification;  
business  
organizations.**

### PALABRAS CLAVE

subnacional;  
democracia;  
autoritarismo;  
autocracia;  
América Latina;  
diversificación  
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organizaciones  
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### PALAVRAS-CHAVE

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### CÓDIGOS JEL:

**H1, H7, N96,  
O54, P5, P16, Z18**

## 2. Theory and Mechanism

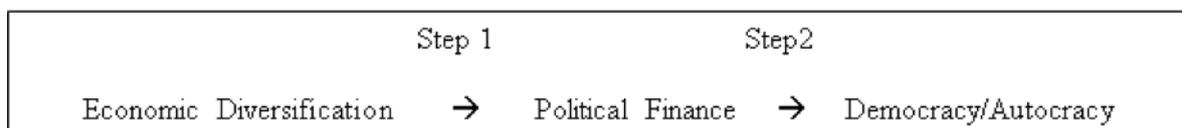
Current theories on subnational authoritarianism are unable to provide satisfying explanation on the emergence and endurance of autocratic government. We could succinctly divide them into two types: political and economic. First, we have theories that underscored the role of political cleavages in allowing the emergence of hegemonic parties (Key 1949, O'Donnell 2004, Mickey 2015, Gibson 2012). For these authors, local party bosses are able to subdue democratic institutions by limiting the power of the opposition either through the exploitation of social cleavages or through political strategies that limit the interference of the national government. Secondly, we have theories that focus on the control of the economic resources that the provinces receive from the central government (McMann 2006, Gervasoni 2010, Giraudy 2015, Borges 2007 and Montero 2007). National transfers are expected to allow governors to avoid accountability and/or to create a clientelistic machinery that guarantees electoral results.

My theory contributes to this literature by using local dynamics as the main explanatory variable. I argue that the role of the national government either through economic transfers or direct political involvement can help lean the scale, but only as much as the local structure allows it. While political junctures created by the national political scenario are relevant and can affect a local election, these are exceptional. In order to explain local politics in the long run -beyond one election- it is necessary to look at the type of political dynamic in the province or state.

My argument is based on a two-step mechanism that traces the influence of the economic structure to the existence of autocracies (See [Figure 1](#)). The overall conclusion is that the level of economic diversification<sup>3</sup> of a province, given the network of interests it creates, may allow for the existence of an autocratic government or may incentivize more democratic competition.

Given the institutional context, a province is considered autocratic when a governor or party is able to rule unchallenged and unconstrained by other branches of government. To do so, political leaders need to overcome the democratic institutional constraints that exist within a democratic country. This is possible when a leader or party boss can control the legislative and judicial powers. In a context of low political competition, where the incumbent party holds the majority of votes and seats, governors are able to consolidate power due to controlled legislatures and lack of opposition. The consolidation of a hegemonic party in government is the baseline for autocratic practices. That is why low levels of political competition can operate as a proxy for subnational autocracy.

**Figure 1. Mechanism of the Theory**



To understand the mechanism in [Figure 1](#), we should start backwards. Step 2 links Democracy/Autocracy (using political competition as proxy) with campaign financing. It assumes that a candidate can neither access power without a successful campaign nor have a successful campaign without funds. Given that an autocratic governor finds his power in winning elections uncontested, the fewer the sources of finance for opposition parties, the higher the chances of the incumbent to consolidate power.

The ability of opposition parties to raise enough funding to run a successful political campaign is a key element. While initially the academic literature questioned whether money had a real electoral impact or not, today the evidence has moved the debate to questions over how much and in what way does campaign financial backing influence elections and politics (Cox and Thies 2000; Denver, Hands and MacAllister 2004; Trumm 2017). Even in countries where the system is dominated by party loyalty, campaign spending by individual candidates can change their performance in a measurable and politically significant way (Scarrow 2007; Benoit and Marsh 2003).

This links up with the Step 1 of the mechanism, which looks at the sources of campaign funds and the connection between the economic structure and the political finance. In Latin America, by looking at the financial sources available to political parties, we can differentiate between primary sources and secondary sources of campaign funds, depending on the amount of funding they provide to campaigns (Samuels 2001). Among the primary sources we have: 1. State resources; 2. State contractors; and 3. Economic sectors.

The first source includes the use of official transportation, public employees, state propaganda or direct budget reallocation for campaign purposes. These resources only benefit the incumbent, what gives them an initial advantage over opposition parties. A similar advantage is observed in the second source, the campaign contributions made by state contractors (Samuels 2001; Freille 2015; Mancuso et al. 2016). Any list of political donors will have at the top the public infrastructure contractors. Unlike other private companies, public construction companies are most of the time owned by governor's friends and family and overwhelmingly favor incumbents.

The third primary sources of funding are the economic sectors. This includes firms, unions and business organizations, as they all represent interests from specific sectors. They have the particularity of controlling large sums of money and can use their financial power to staff an office, hire lobbyists and make donations to political action committees (Schlozman, Verba and Brady 2012). Business contributions are consequently more effective at influencing politicians than individual contributors (Bergan 2005). Unlike what happens with state resources and state contractors, where incumbents are the only beneficiaries, economic sectors are the only primary source that would finance opposition groups. Businessmen are risk averse, so they will be careful with the message they send along with their economic contribution. Business may always contribute to the incumbent for the sole reason that they are in office, but whether they contribute more or less to the opposition is the key to understand political competition (Eismeier and Pollack 1986; Box-Steffensmeier and Dow 1992; Hart 2001). The decision by business and unions to contribute to an incumbent or a challenger will be dependent on their economic and political interest. This naturally links to the economic structure of a state, as it shapes the interests and strategies of these economic sectors.

While the primary sources of funding are skewed in favor of the incumbent, the secondary sources are not necessarily biased as much as they are dependent on the political juncture of the election. These sources are: 1. Individuals; 2. Branches of the party; and 3. The national government. The secondary sources can mobilize fewer resources and are less relevant than primary ones, but sometimes they are the only funding opposition parties may have. Individual contributions have no influence on the candidate's strategies or policy proposals (Bergan 2005), while the intervention by other branches of the party or the national government are not a constant, they only appear in those elections where the political competition might be of interest for other provinces or when there's a shared interest between the different levels of the government.

The secondary sources of campaign finance can allow a party to participate in an election, but not to successfully compete in it. Thus, we have to focus on the single source of campaign finance that has both the power to support a successful candidate as well as the independence to finance opposition parties: the economic sectors.

In a nutshell, the theory argues that the economic structure defines the political interests and strategies of the economic sectors, leading to the finance of the incumbent and/or the opposition. The availability of sufficient campaign funds for the opposition will determine the level of competition in a state, and thus, the chances of an autocratic or democratic government to exist.

### 3. The Mechanisms at Work

In order to test the argument I traced the mechanisms using a pair comparison of two Brazilian states: Minas Gerais and Bahia (see [Figure 2](#)).<sup>4</sup> This is a controlled comparison in which “most similar” cases are comparable in all respects except for the independent variable that explains the variation in the dependent variable (George and Bennet 2005). Bahia and Minas Gerais present close similarities in terms of their geographic size, institutions, economic development and culture, but differ in the economic diversification (IV) and the political competition (DV). Given the nature of the case selection, the comparison is also part of the subnational comparative method<sup>5</sup>, which makes it easier to construct controlled comparisons (Snyder 2001).

**Figure 2. Brazil with Subnational Political Divisions and Case Selection.**

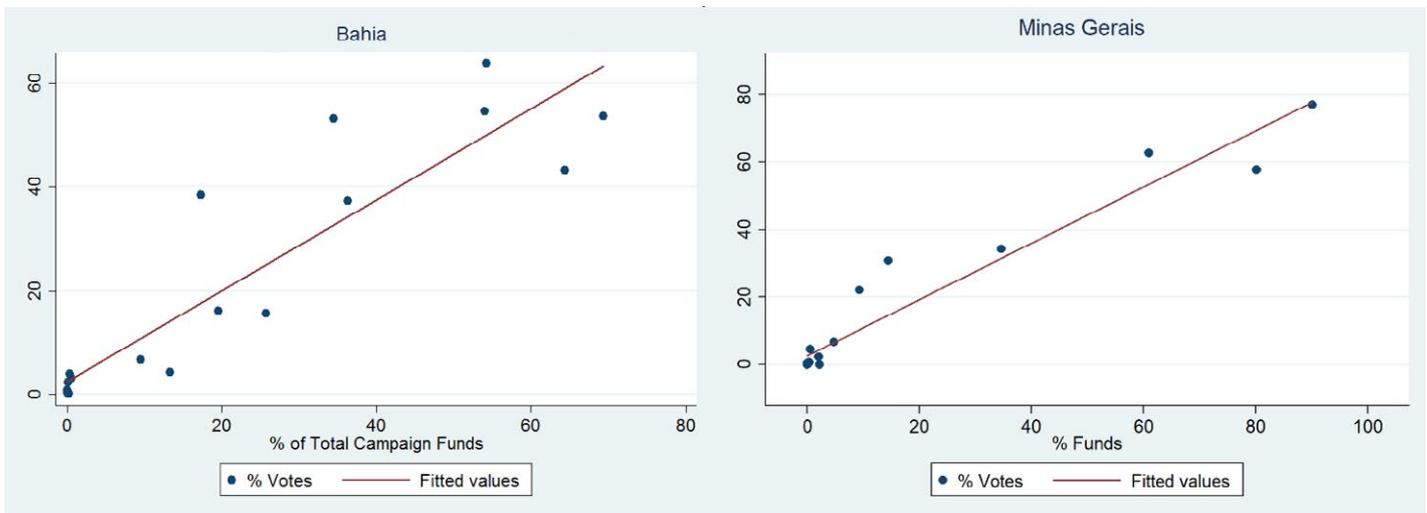


While Minas Gerais stands as an example of competitive political system, Bahia is a typical autocratic state. The explanation behind this contrast can be traced back to the economic structure: Minas Gerais operates as a small federal system with several important geographic regions. Each region of the province, as well as the economic sectors in them, compete for the influence over politics. Bahia, on the contrary, was transformed by the modernization process under the military regime into a centralized industrial state. The incumbent and the hegemonic sectors allied in order to maintain the prerogatives that the industrial promotion policies has given them.

The mechanism presented consists of two steps. The first one links the economic structure with political finance while the second one links political finance with political competition, our proxy for democracy/autocracy. In order to show the validity of theory we should find evidence of these two mechanisms present in Bahia and Minas Gerais. For this, I rely on public available information on amount and sources of campaign funds for gubernatorial elections in both states and on interviews with informants to describe the aggregation of economic interest for political participation. The aggregation of public data, in-depth interviews with key actors and academic literature are evidence that allows to infer the validity of the proposed theory.

The publicly available data on campaign finance in the states of Bahia and Minas Gerais from 2002 to 2014 lets us test the role of the economic sectors in the campaign contributions for governor. We see in **Graph 1** the first step of the mechanism operating, that is, how the campaign funds are necessary to win a gubernatorial election. In both states, the amount of resources obtained for campaigning almost mirrors the percentage of votes a candidate obtained. While the influence of money on electoral results is not a novelty, it is still noteworthy to see an almost determinacy in these two cases. It is clear that those that received proportionally more funds were able to translate that difference into the political arena. Based on the literature that studies the influence of money in politics, we can assume a causal relationship between the funds obtained and the percentage of votes (Jacobson 1978; Green and Krasno 1988; Erickson and Palfrey 1998, Benoit and Marsh 2003, Denver, Hands and MacAllister 2004; Freille 2015; Trumm 2017).

**Graph 1. Correlation Between Votes for Governor and Campaign Funds, Bahia and Minas Gerais, 2002-2014.**



Source: Author's calculations based on Instituto de Pesquisa Econômica Aplicada; Tribunal Superior Eleitoral.

While the correlation between funding and votes is almost identical between the two cases, the composition of that funding differs significantly. Following the theory, the case of Bahia shows an alignment between the hegemonic sectors and the incumbent, while Minas Gerais presents a competition among economic sectors and variations in the support across election years.

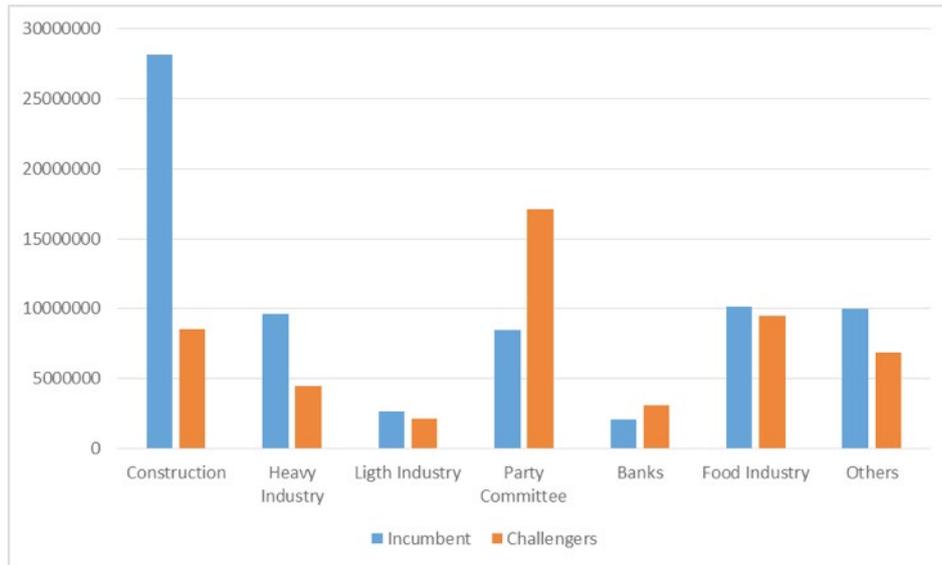
Bahia represents a case of low democratic development<sup>6</sup>. Its low economic diversification allows an alliance between the political and economic interests, hindering the emergence of political alternatives and reducing democratic competition. The origin of this economic-political alignment is found in the economic transformation of the 1960-1970 that changed Bahia from an agricultural state to an industrialized one. Implemented by the military government, this transformation modified the oligarchical structure replacing the old economic elites with new enclave companies. The new dominant bourgeoisie, having their headquarters outside the territory of Bahia, had no political aspirations and demanded only economic returns. In retribution, the new dominant sectors aligned behind the incumbent and restricted their support for opposition parties.

The first and more extensive period is the PFL<sup>7</sup> dominance, also known as *Carlismo*, in reference to the Antônio Carlos Magalhães (ACM), the undisputed figure of Bahia's contemporary politics. The dominance of the *Carlismo* extended from the 1970s until 2006 when the growing PT<sup>8</sup> was able to capitalize the worn-out image of ACM and the high popularity of the President Lula da Silva (PT) and prevail in the gubernatorial election.

The PT rapidly took control of the political machine in Bahia and has retained power in the last three elections: Jaques Wagner (2006-2009; 2010-2013) and Rui Costa (2014-2017). While different in its political style and social priorities, the PT basically represents a continuation of the *Carlismo*. There are important elements of continuity between the two periods, such as the economic priorities, the alliance with the major economic sectors, the close ties with the national incumbent, the use of machine politics, the top-down decision making and the alliance with conservative *prefeitos* (Dantas Neto 2011, Herrmann 2014). More importantly, we have the continuation of a bipolar game where the incumbent dominates and excludes the opposition.

The hegemonic role of the incumbent, regardless of the period, is reflected in the economic support provided by the economic sectors. **Graph 2** compares the sources of funds for the campaign for governor between the incumbent's candidate and the aggregation of all the challengers, for the period 2002-2014. The first thing that stands out from the graph is that the largest contributors and most uneven between incumbents and challengers are construction companies and heavy industry companies, both directly linked with state funds and the hegemonic sector, chemical and petrochemical. Construction companies not only constructed the industrial poles that host the heavy industry but also, in some paradigmatic cases (Odebrecht and OAS), they also operate in the petrochemical sector.

Graph 2. Sources of Funds for Governor's Campaign, Bahia 2002-2014.



Source: Author's calculations based on Tribunal Superior Eleitoral.

It comes as no surprise that the main contributor for challengers has been the party committees. Referencing back to the theory, while the challengers still receive economic support from the main economic sectors, they do so in relation to the economic sector's expectation. In Bahia, challengers only get a fraction of the funding the incumbent candidate receives, and thus have to rely on the national party in order to stay competitive and obtain votes for national positions.

On the other side of the spectrum, Minas Gerais stands out as an example of high political competition, and therefore more democratic than several other Brazilian states. In previous academic work, Minas Gerais was classified as a coalescent pluralism (Borges 2007), Low Dominance (Borges 2011) and Broadened Competition (Montero 2007). In the constant struggle between three main parties (PMDB, PSDB<sup>9</sup> and PT) we see the constant competition of the economic sectors.

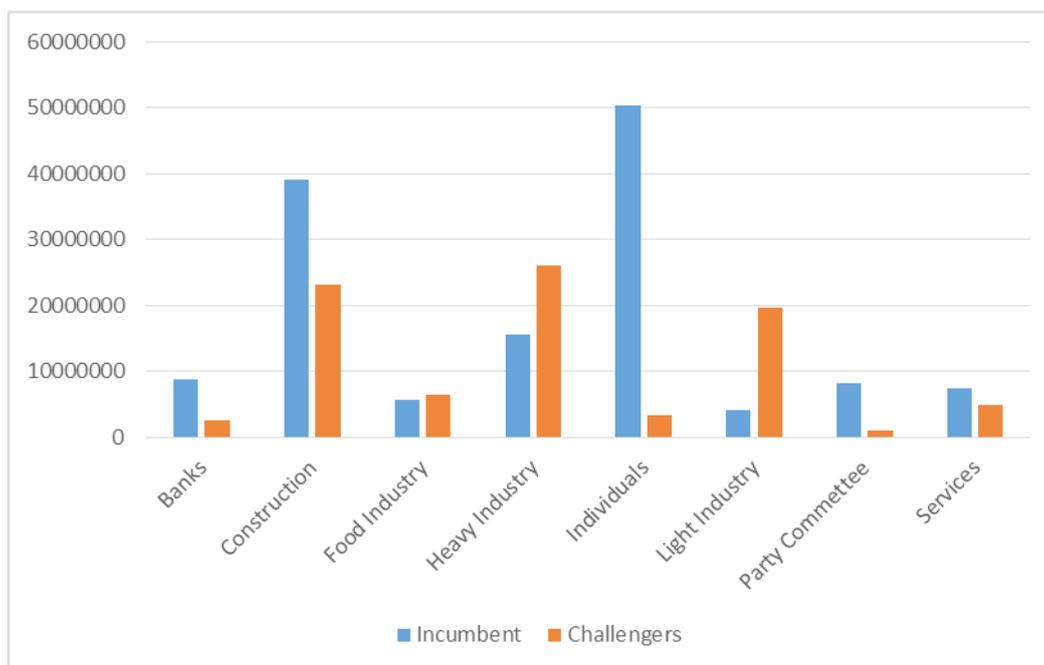
Minas Gerais' economic heterogeneity and political competition among regions have shaped local politics and created what resembles a federal state. With the transition to democracy in the 1980s, the fragmentation of the opposition parties as well as the pro military factions generated a competitive electoral arena where no leadership or political group was capable of holding power for too long (Borges 2006). We see the PMDB obtaining the plurality of votes in the Legislative and participating in the government coalitions between 1982 and 1990. But the PMDB was far from the dominant political machine of Bahia. The PMDB is a loose organization, composed of a federation of different political forces, from the leftist communist to the catholic right, with no single leader capable of imposing his own vision (Borges 2006).

The PSDB became the main challenger of the PMDB. They obtained the mayor seat in Belo Horizonte in 1988, the second largest caucus in the House of Representatives in 1990s and the governorship in 1994. During the 1990s, the PSDB and the PMDB competed and alternated in power.

In the 2000s, the consecutive victories of the PMDB coincided with the emergence of a new challenger, the PT. This party won the national presidential elections and, in spite of its leftist ideology, allied with the local PMDB, giving Aécio Neves the control of local politics. The PT grew exponentially in power and influence, gaining representation in the local and national legislature, and a large number of mayors all over Minas Gerais (Miranda 2003). This competition peaked with the gubernatorial victory of the PT in 2014, something unthinkable of in the past, and turned Minas Gerais again into a contested political arena.

Following the theory, in a politically competitive state such as Minas Gerais, we should also expect a more competitive distribution of funds. If we look at **Graph 3** we find a competitive distribution of funds between incumbent's candidates and the aggregation of the challengers for the 2002-2014 period. This implies that economic sectors are not aligned behind the incumbent as we saw in Bahia, but that they are open to switch sides if they find it politically convenient. A couple of particularities stand out in this graph. Firstly, we see the support of construction companies for incumbent's candidates, what is a constant under every government, autocratic or not. Secondly, we see that "industry" has shown an important support for challengers. Many times, the industrial sector has been divided across sub-sectorial lines. Thirdly, party committee contributions are lower than what we found in Bahia in part because the high support of the economic sectors to both incumbent and challengers reduces the need for this type of support. Finally, we see an abnormal amount of individual support for the incumbent. The reason behind this abnormality is that many important businessmen contributed using their names instead of the name of the companies they represent.

**Graph 3. Campaign Funds for Incumbent and Challengers by Sector, Minas Gerais 2002-2014.**



Source: Author's calculations based on Tribunal Superior Eleitoral.

The case of Minas Gerais also gives us a clear insight into the first step of the mechanism, that is, how interests of the economic structure translate into the political arena through campaign financing. The Federation of Agriculture and Livestock of the State of Minas Gerais (FAEMG) and the Federation of Industries of the State of Minas Gerais (FIEMG) are the two largest business associations at state level. While the FAEMG and the FIEMG show plenty of similarities on how they structure their relationship with the government, they also differ on the interests they defend, the homogeneity of these interests and the recommendations they give to their members for political investment.

On the one hand, both organizations actively lobby for their particular interests with local mayors, the governor, state and national legislators, and both support the campaigns of politicians running for all government positions. On the other hand, they differ on how homogeneous their interests are, as the agrarian sectors tends to coordinate actions in Congress better than the diverse industrial sectors do (interview Custodio). The agrarian and the industrial caucuses rarely cooperate, as they represent different economic sectors and economic interests, and many times conflicts arise (interview Custodio, Viana Rodriguez).

For legislative positions, there are rarely multi-sector candidates, as usually candidates receive funding from one sector only. The agrarian caucus tends to be more homogeneous and usually votes together. The industrial caucuses have more heterogeneous interests, for example, agro-industry, banks, finance and construction have individual caucus at the state and national levels (Interview Bias Fortes, Custodio, Viana Rodriguez).

In the case of executive positions, economic sectors have to balance their desires with the real chances of victory (interview Azeredo). A former president of FIEMG, Stefan Salej, comments that business always wants their friends to win, but if they do not have real chances, they support the winner (interview Salej). Similarly, former FAEMG president, Viana Rodriguez, pointed out to the unwritten rule that businessmen should not take radical positions against a candidate that might win (interview Viana Rodriguez).

Unlike the sectoral competition found in Minas Gerais, Bahia shows a strong alliance between the concentrated economic power and the incumbent. What allowed the *Carlismo* to exercise its political domination was the type of economic modernization that occurred in Bahia during the military regime. The control over the industrial poles and the tax exemption policies were the cornerstone of the alliance between economic sectors and the state government.

Antônio Carlos Magalhães was a modernizer, connected with capital, associated with hegemonic capitalist sectors in every period (Rubim 2001). The sources of campaign financing for the incumbent reflects the evolution of the economic development of Bahia and the alignment of economic and political interests. We find mainly the presence of construction and petrochemical companies as contributors, which in many cases were owned by the same group, as in the cases of Odebrecht and OAS. The relationship between Magalhães and the businessman was intimate, as he maintained a close control over politics and economics.

Nonetheless, the close relationship between the incumbent and the main economic sectors do not depend on party colors. The president of the Bahian Industrial Federation (FIEB) during the transition from *Carlismo* to PT comments that the government's relationship with the businessmen did not change from one administration to the other. Moreover, he affirms that Governor Jaques Wagner (PT) supported Bahian industry before becoming a candidate by lobbying policies at the national level. This generated trust between industry and the emerging PT, and positioned Wagner as a viable candidate

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for the establishment (Interview Lins). Once in office, Wagner maintained a close relationship with businessman, which guaranteed his control over the political machinery. When we look into the available data on campaign funding for Bahia, we can easily identify the importance of the support of the main economic sectors, as they represent the largest contributions to campaigns (see [Graph 2](#)). The data remains similar in both hegemonic periods (*Carlismo* and PT). This is important to show that even with a change in the incumbent, the structural alliances remained strong.

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#### 4. Conclusion

This article argues that the economic diversification of a state generates the most important cleavages that, in turn, explain the formation of a competitive political system. I traced the evidence to confirm the theory and flesh out the mechanisms in a pair comparison of two Brazilian states, Bahia and Minas Gerais. The confirmatory analysis of these “most similar cases” provides strong basis for a generalization of the theory to other countries. Future work will extend the study to other Latin American countries through qualitative and quantitative analysis.

This article also contributes to the literature on subnational authoritarianism by opening the black-box of the local political and economic dynamics. This study allows us to understand the emergence and persistence of autocratic enclaves beyond explanations that concentrate on the actions of the national government. I also sheds light on the role of local interests in democratization. Different levels of government interact constantly and influence each other actions. While the power of the national government is undeniable, state politics still behave autonomously and local interests determine the level of competition over time. Understanding internal relationships is crucial for explaining the national level as well. The extent to which democracy varies from state to state will have considerable consequences for political representation, public policy making and the strengthening of democracy.

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### Notes

1. The article is a summarized version of some chapters of my Doctoral dissertation. Mera, M. E. (2016). *National democracies, local autocracies: The uneven democratization of subnational governments in Argentina and Brazil* (Doctoral dissertation, Georgetown University).
2. Corresponding autor: Universidad Nacional de San Martín; Diagonal Roque Sáenz Peña 832 1° piso, oficina 105; Buenos Aires C1035AAQ; Argentina.
3. By economic diversification I imply both a sectoral and/or geographic diversification. In the first case, sectoral diversification refers to how diverse the composition of the economic production is in a given province. That is, the percentage of GDP that each type of economic sector represents: e.g. agriculture, mining, manufacturing, construction, etc. In the second case, geographic diversification refers to how disperse the economic production in the province is and how many economic poles exist. Both measures describe a relevant type of economic diversification and are structural explanations for the aggregation of the economic interests that could be translated to the political arena (Schmitter 1971; O'Donnell 1978; Schmitter and Streeck 1999).
4. The period studied goes from 1882 to 2014, which gives a span of 32 years and 8 electoral periods. This allows to make inferences on the systemic behavior of the state politics as they are not just the reflection of one specific event. While the interviews took place in 2013, the information obtained from them exceeds a particular time or period, as they inform on historic practices of politicians and businessman.
5. The subnational comparative method allows for the matching on national cultural, historical, ecological, and socioeconomic dimensions. In the dyad selected, the fact that they are neighboring provinces with similar sizes and GDP increases that benefit.
6. The scope period analyzed goes from the first popular election for governor during the democratic transition in 1982 until 2011. For this period, Bahía is a clear case of low democratic competition. Authors have classified it as either Conservative Competition (Montero 2007), Dominant Machine (Borges 2007) or High Dominance (Borges 2011).

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7. *Partido da Frente Liberal (Liberal Front Party)*

8. *Partido dos Trabalhadores (Workers Party)*

9. *Partido do Movimento Democrático Brasileiro (Brazilian Democratic Movement Party) and Partido da Social Democracia Brasileira (Brazilian Social Democracy Party).*