## **Special Interest Trade-offs: How Restricting Money in Politics Helps Church-backed Candidates**

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Most campaign spending reforms seek to curb the influence of economic interests in electoral politics. In this paper, we argue that these reforms can also facilitate the political entry of other organized interests—those with local presence and access to cost-effective mobilizational resources. We highlight that these reforms can be specially beneficial to parties supported by religious organizations. We provide evidence of this argument through the study of Republicanos, one of Brazil's main Evangelical parties. Leveraging a reform that imposed limits on campaign spending for mayoral elections, we show that stricter limits increase the electoral entry and victory of Republicanos and that its access to the organizational infrastructure of the Universal Church of the Kingdom of God was central to these gains. Our findings highlight the political tradeoffs of campaign spending reforms that seek to limit the role of money in politics. Reforms that restrict spending can curb the influence of economic interests while also empowering other minority interests.

Word Count: 9268

## **1** Introduction

Recent corruption scandals in Latin America have highlighted the links between malfeasance and campaign financing. As a result, several countries have implemented reforms that limit campaign spending, especially through corporate donations. When studying the consequences of these reforms, scholars have largely focused on their impact on electoral competition and the interactions between politicians and campaign donors.<sup>1</sup> In this paper, we study how limits to campaign spending can empower certain types of societal actors, enabling them to achieve electoral and political influence.

Campaign spending regulations limit the role of money in politics, constraining party efforts to

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For useful comments, we are grateful to Ruth Collier, as well as participants in the Princeton Comparative Workshop and the Harvard Latin American Politics Workshop. Beatriz Barros and Galileu Kim provided excellent research assistance. <sup>1</sup>See Avis et al. (2017); Gulzar et al. (2021); Fournaies (2021).

hire party workers, restricting campaign advertising, and undercutting non-programmatic mobilization strategies that use handouts in vote-buying schemes. We argue that, by curbing access to monetary campaign contributions, these reforms increase the relative value of campaign technologies that are less reliant on material contributions. As a result, they give parties with access to these alternative campaign resources a decisive advantage. When money becomes scarce, other tactics, such as those available to high capacity organizations with strong grassroots linkages, become better positioned to mobilize voters. In this paper, we focus on one organizational type that fits this characterizations – religious institutions – especially those with higher organizational capacity.

Churches and other types of religious institutions often possess organizational advantages that prove especially useful for mobilizing voters. First, physical infrastructure can serve as bases from which voter mobilization drives and campaign management activities can be coordinated. Second, networks of committed supporters will reliably vote for church-sanctioned candidates and can also disseminate the messages and symbols of the party while building electoral support in their communities. Moreover, churches may have a major advantage in attracting personnel who are committed to their missions on spiritual grounds, making them willing to put in long hours, often for minimal compensation. These members can make ideal campaign workers. Fourth, religious institutions often have access to independent sources of financing, which can indirectly aid electoral drives and are not legally subject to campaign finance restrictions. Finally, all of these advantages combine to make religious leaders effective political brokers of the votes of their followers.<sup>2</sup> When campaign spending is restricted, these alternative sources of mobilization, including non-material resources, become particularly valuable and provide an advantage to political parties that can rely on the support of religious organizations.

We provide evidence for our argument by studying the effects of a 2016 campaign spending reform in Brazil on the political power of Republicanos, one of the country's main Evangelical parties.<sup>3</sup> We show that Republicanos is much more likely to field candidates and win mayoral office where campaign financing is capped. This effect is not present for other parties and does not extend to

<sup>&</sup>lt;sup>2</sup>For the role of brokers in developing countries and Brazil, see Stokes et al. (2013). For a review of the diversity of actors working as brokers, see Mares and Young (2016); Holland and Palmer-Rubin (2015). Recent work on religion and politics has highlighted the role of religious leaders as brokers not only in Latin America but also in Europe and Africa (McCauley 2013; Sperber 2014; Dancygier 2017; Cerqueira 2017).

<sup>&</sup>lt;sup>3</sup>"Evangelicals" is used in Latin America as a category combining several denominations that are equivalent to Mainline Protestants, Evangelicals, and Pentecostals in the US. See Mariano (1999); Smith (2019).

religious candidates more broadly.

We then assess our claim that the party's access to UCKG's organizational infrastructure helps to explain the party's ability to capitalize on these restrictions through an analysis of polling-station level data in the subset of districts where the party ran a mayoral candidate. We show that its gains depend on the proximity of a polling place to a UCKG branch – where spending caps are in place, the party's vote share decreases as the distance from a polling station to the closest branch increases. Finally, we show that the reform provided electoral incentives for religious growth. Following the 2016 election, the denomination increased its local presence in municipalities where campaign spending was capped. There is no similar growth for Evangelical denominations without a centralized leadership capable of translating the presence of its religious institutions into political power.

Together, these findings point to the value of organizational capacity, rather than religious doctrine or ideology, as key non-material electoral resources, and indicate that religious institutions can behave strategically in the face of electoral law changes, including campaign finance reforms. More generally, we argue that restrictions on campaign spending may empower societal actors with great social influence, such as religious institutions, particularly when they have the organizational capacity to act in response to propitious legal reforms.

In the next section, we review relevant literature on campaign finance reform and religious political engagement before elaborating our argument. The third section provides contextual background on Republicanos and the UCKG. In the fourth section, we describe the data and research design. The subsequent sections present empirical evidence in support of our claims, and the final section discusses their implications for our arguments and for the broader research program on the intended and unintended effects of campaign finance reforms.

# 2 Campaign Finance Restrictions and the Non-Material Assets of Religious Actors

The effects of campaign finance reform are the subject of ongoing debates among social scientists. To date, American politics research on campaign spending, a related area of research, largely indicates that

campaign contributions and even lobbying have few, if any, effects on electoral outcomes and public policies, and may not increase voter turnout (Ansolabehere et al. 2003; Gerber 2004; La Raja and Schaffner 2012; Milyo 2015). The cumulative weight of these findings has compelled one long-time specialist to argue for the "apparent impotence of existing campaign reform efforts" (Milyo 2015). If anything, campaign finance caps may disadvantage challengers, who face more obstacles to fundraising than incumbents, thereby diminishing electoral competition (Jacobson 1978; Meirowitz 2008), and may not reduce the incidence of corruption among public officials (Meier and Holbrook 1992). Nonetheless, the potential threat of campaign spending itself may shape the political process (Fournaies 2021, 16) and most research in the U.S. has focused on the federal level, which attracts more scrutiny from the media and interest groups (Milyo 2015).

Beyond the U.S., studies of campaign finance reform, however, finds campaign spending caps are associated with increased electoral competition, reduced donor influence, and access to economic opportunities and contracts for a broader array of bidders, including in Brazil, the setting of our research. In elections for the Brazilian Chamber of Deputies, Samuels (2001) finds that both incumbents and challengers benefit from campaign spending, implying that spending limits would promote competition. Jucá et al. (2016) suggest that members of the Brazilian lower house of Congress may find it more difficult to deploy material resources to counteract the electoral costs of malfeasance scandals. Focusing on Brazilian local elections, Avis et al. (2017) show that strict campaign spending boost competition, especially by attracting candidates who are less wealthy and, hence, less able to finance their own campaigns, although they find no short-run improvements in policy outcomes. Research in other national contexts find complementary effects. For example, in a study of Colombian municipalities, Gulzar et al. (2021) show that less stringent limits on campaign spending are associated with the allocation of more public contracts to donors and an increased likelihood of projects running over budget. At the same time, their results do not indicate that higher campaign spending limits reduce competition or affect electoral outcomes. In the U.K., a recent study of parliamentary campaign finance reforms over a long time period indicates that higher campaign spending levels are associated with costlier electoral campaigns, a smaller field of candidates and therefore reduced competition, and increase returns to incumbency (Fournaies 2021).

In addition to their direct effects on financial resources, we argue that campaign spending limits may influence electoral dynamics through other, non-material channels that their advocates may not anticipate. In particular, spending caps may enhance the influence of civil society actors who seek to sway elections if they can leverage organizational infrastructure and networks to support favored candidates. Existing research points to the role of labor unions in shaping electoral mobilization and social movements more generally. In an earlier era, when labor movements were stronger, labor-backed parties in Latin America enjoyed a marked advantage over their rivals during electoral campaigns thanks to the financial resources and human capital supplied by the unions (Collier and Handlin 2010). In U.K. parliamentary elections, Labour Party candidates benefited from union backing to outperform their competitors, largely through assignment to pro-union constituencies but also via increased resources for campaign spending (Fournaies 2021). In short, organizations that hold great influence in society or have built up strong grassroots infrastructure bring non-material resources that can give their affiliated candidates an edge.

After the implementation and enforcement of campaign spending limits, we contend that religious organizations are often well positioned to influence electoral contests. In electoral campaigns, parties choose among different mobilization technologies, some of which require high levels of spending and others that come at a low cost. When funds are limited, less expensive campaign strategies become more attractive. Religious organizations are especially well suited for cost-effective electoral mobilization and are incentivized to do so either for their direct benefit – to facilitate the election of religious parties and candidates, who in turn will promote their interests in government – or in exchange for future political influence. While the average cost of church-based electoral mobilization is high because it reflects the costs of infrastructure built up over time, the marginal cost of get-out-the-vote efforts coordinated by religious institutions is relatively low.

How might religious institutions boost mobilization in favor of affiliated parties or candidates? Studies of religion and politics, including research on the "Islamist advantage" (Cammett and Luong 2014), suggest several explanations, such as ideological appeal, a reputational advantage in comparison with secular parties and candidates, the distribution of material benefits from churches or affiliated charitable associations, the cultivation of dense, trust-based networks, and organizational advantages that tend to accrue to religious over other types of groups. <sup>4</sup> Highlighting the importance of dense networks of social trust and other organizational resources, our theory builds on the latter two types of explanations, which are most relevant to the Brazilian context and the UCKG in particular.

Before elaborating our theory, it is worth underscoring why religious doctrine or ideology does not offer a convincing explanation for the relative advantage of church-affiliated candidates in Brazilian local elections, and likely in many other contexts (Cammett and Jones 2020). Religion provides a comprehensive world view that both attracts adherents and generates deep commitments on the part of the faithful, giving religious actors a potentially important role in shaping political views and eliciting political participation form their followers. Yet doctrinal or ideological explanations are at best partial because they cannot explain why parties and candidates from the same religious denominations experience varied levels of electoral success, including in the same or similar districts. In the analyses below, we show that turnout and vote shares vary across parties from the same denomination – Evangelical Protestantism – but who are associated with distinct churches. The close similarities in the doctrinal teachings of these denominations undercuts the claim that ideology explains the appeal of religious parties and candidates.

What then distinguishes religious institutions that are more effective at supporting affiliated or favored candidates? Religious institutions feature distinct types and quantities of organizational resources that can be deployed as campaign technologies. These come in multiple forms. First, religious institutions often have access to independent sources of financing from individual supporters or donors, which can indirectly aid electoral drives and are not legally subject to campaign finance restrictions if used to support their own mobilization efforts rather than those directly linked to parties.

<sup>&</sup>lt;sup>4</sup>Explanations based on a church reputational advantage and material benefits are less applicable in Brazil. First, in principle, religious parties and candidates may enjoy a reputational advantage – or a "reputation for being uniquely competent, trustworthy, and pure vis-à-vis the alternatives" (Cammett and Luong 2014) – because they can draw on Christian moral principles to position themselves as more virtuous or in tune with the needs of the people, whether spiritual and material. In the Brazilian context, however, religious parties are not all perceived to be clean and uncorrupt. This is particularly true for Republicanos, which is linked to a church whose founder is widely perceived to be focused on personal financial gain and is at the heart of various corruption scandals (Cuadros 2016). Second, social welfare by non-state providers, including religious actors, has been shown to generate electoral returns for candidates affiliated with or favored by these organizations (Cammett 2014; Thachil 2014; Bueno 2018; Brooke 2019). In Brazil, service delivery is unlikely to play a major role in mobilizing voters to support religious parties and candidates. The Catholic Church is the most prominent religious institution in social service delivery yet has largely remained out of politics. Rather, Evangelical churches, our focus here, are far more integrated in politics than their Catholic counterparts, yet play a much smaller role in delivering social welfare. To the contrary, by embracing versions of the "prosperity gospel," some Evangelical churches even encourage parishioners to strive for self-help solutions to their problems rather than to seek "handouts" and devote great efforts to soliciting donations from the congregation rather than delivering community benefits.

Second, physical infrastructure, such as churches and community centers, can serve as bases from which voter mobilization drives and campaign management activities can be coordinated. Studies of the U.S. civil rights movement explicitly emphasize the non-material resources that Black churches brought to bear to facilitate sustained mass mobilization, such as leadership, extensive membership networks, physical infrastructure, and established communication channels (Verba et al. 1995; McAdam 2010). Similarly, during a brief interlude of political freedom in post-revolutionary Egypt, the Muslim Brotherhood and other Islamist parties were able to capitalize on physical infrastructure to help drive voter turnout (Brooke 2019).

Third, networks of committed supporters will reliably vote for candidates endorsed by the church and can also disseminate the message and symbols of the party or movement, build electoral support in their communities, and drive voter turnout. Of all forms of organizational resources, it is hard to overstate the importance of committed personnel for electoral campaigns, particularly when resources are constrained. Religious groups may have a major advantage in this area because they tend to attract personnel who are committed to their missions on spiritual grounds, making them willing to put in long hours, often for minimal or no compensation (Cnaan 2002; Unruh and Sider 2005; Wuthnow 2009). In particular, "strict churches" (Iannaccone 1994), or religious groups that require significant sacrifices from their members, exhibit higher rates of volunteerism and attract more committed personnel than others, enabling them to overcome the free rider problems plaguing many organizations and weeding out less committed individuals. The selection effects at the core of this approach ensure that volunteers for these kinds of churches are especially motivated. Thanks to "deep affective ties" (Poertner 2020, 3), in part generated through participation in religious services and activities, church officials and congregants are well positioned to sway community members to support favored candidates. <sup>5</sup>

Districts with high capacity churches are likely to exhibit greater electoral support for churchaffiliated candidates, who can benefit from religious organizational resources through both direct and indirect channels. In addition to the proximate get-out-the-vote machinery that organized churches can provide, church officials can engage in direct persuasion of parishioners through their sermons or the

<sup>&</sup>lt;sup>5</sup>Livny (2020) argues that Muslims who take part in collective worship and other religious activities exhibit higher levels of social trust with fellow participants - "group-based trust" - as a result of common knowledge of their shared identity, prior communication, or interaction among group members. This group-based trust can facilitate collective action. This finding likely holds across other religions (McClerking and McDaniel 2005; Gerber et al. 2016), especially for churches such as the UCKG, which calls on participants to take part in many collective activities, and would aid in electoral mobilization

distribution of campaign materials. <sup>6</sup> In Brazil, and most of Latin America, elections are scheduled on Sundays, which means that parishioners may vote directly after exposure to messages in the Sunday service.

High capacity churches can also facilitate support for favored candidates more indirectly: Potential voters who do not attend services themselves may be persuaded to support church-affiliated candidates through conversations with family members, neighbors, and co-workers who are regular participants in church services. In this way, messages are communicated through more horizontal networks, which are likely to be denser in areas with high capacity churches (McKenzie 2004; Djupe and Neiheisel 2012; Campbell 2013)<sup>7</sup>

In short, religious institutions can compensate for campaign spending cuts through non-material, organizational resources. Yet not all churches exhibit the same levels of organizational capacity, suggesting that some are better positioned to influence elections than others. As we describe in the next section, within the Evangelical Church, the UCKG exhibits relatively high levels of organizational capacity. We argue that the UCKG's notable ability to capitalize on its organizational infrastructure helps to explain the relative electoral success of candidates running with its affiliated party.

### **3** Republicanos and the Universal Church of the Kingdom of God

Evangelicals initiated their entry to the Brazilian political arena in the municipal elections of 1986.<sup>8</sup> Today, their presence in politics is ubiquitous.<sup>9</sup> This paper focuses on Evangelicals' political participation through Republicanos, the political branch of the *Universal Church of the Kingdom of God* (UCKG) and one of Brazil's largest Evangelical parties.<sup>10</sup> While the party denies a connection to the UCKG, the link between both organizations has been well-established. For example, an analysis published by the Brazilian newspaper *Estadão* in 2012 showed that 55% of the party's national executive board and 85% of its state-level leadership were linked to the UCKG or to *Rede Record*, UCKG's

<sup>&</sup>lt;sup>6</sup>As Wald et al. (1988, 532) argue, churches can promote consensus and corresponding behaviors through the communication of political messages and opportunities to observe the reactions of fellow members, driving conformity in behavior. <sup>7</sup>Masoud (2014) makes a similar argument for the case of Islamist voter mobilization in Egypt.

<sup>&</sup>lt;sup>8</sup>For a history of Evangelical political participation, see Freston (1998).

<sup>&</sup>lt;sup>9</sup>See e.g., Smith (2019); Boas (2014); Boas and Smith (2019).

<sup>&</sup>lt;sup>10</sup>In Portuguese, Igreja Universal do Reino de Deus.

media company.<sup>11</sup> A similar study conducted in 2015, found that more than 70% of the party's national leadership had links to the denomination.<sup>12</sup>

Founded in Brazil in 1977, the UCKG is among the most popular churches originating in Brazil. Despite being a small denomination – as of 2010 only 1% of the Brazilian population was affiliated with it (IBGE 2010) – it has a wide presence throughout the country. Figure 1 shows the geographic distribution of UCKG affiliation and branch presence. In 2015, the denomination had a total of 6,756 branches distributed across 2,664 of Brazil's more than 5,000 municipalities.



#### FIGURE 1. The UCKG in Brazil

The figure shows the territorial presence of the UCKG in 2016. The municipalities are shaded to reflect levels of UCKG adherence (2010 census). Red points represent church branch locations. Data on branches was obtained by web-scraping the UCKG's website and geocoded using the Google Maps api.

Importantly, the UCKG's centralized governance has allowed it to leverage its position in the religious domain to accrue increasing economic and political power. The denomination is closely tied to its founder and leader, Edir Macedo.<sup>13</sup> Its governance structure is hierarchical and organized to reinforced Macedo's control. This centralized government has allowed the denomination to advance

<sup>11</sup>Couto (2012).

<sup>&</sup>lt;sup>12</sup>Cerqueira (2017).

<sup>&</sup>lt;sup>13</sup>Freston (1998).

coordinated strategies and expand its influence beyond religion, gaining power in the media and in the electoral arena.<sup>14</sup> The creation of Republicanos in 2005 allowed for a direct participation in politics.<sup>15</sup>



**FIGURE 2. Denominational Governance and Size** 

The figure shows the size and governance of all major evangelical and catholic denominations in Brazil. Data on adherents was obtained from the 2010 census. The measure of governance centralization was calculated using a Herfindahl index on the basis of denomination's tax records.

The centralized governance of UCKG distinguishes it from Brazil's larger denominations in general and the largest evangelical denomination, the *Assemblies of God* (AG), in particular. Figure describes Brazil's most important Catholic and Evangelical denominations in terms of their size (the percentage of the population that adheres to the denomination) and the centralization of the denomination's governance.<sup>16</sup> The UCKG is considerably smaller than denominations the AG (which enjoys almost 6.5% of population adherence), but UCKG scores very high on the centralization index, with a perfectly centralized governance. AG's size comes at the cost of a decentralized governance, which makes political and electoral coordination challenging. Indeed, while AG also participates in politics (mainly through the Partido Social Cristião-PSC), its lack of a clear leadership hinders coordination within the denomination as well as between the denomination and the party. Instead, the tight overlap between

<sup>14</sup>Cerqueira (2017).

<sup>&</sup>lt;sup>15</sup>The party was originally called Partido Republicano Brasileiro (PRB). It changed its name in August 2019.

<sup>&</sup>lt;sup>16</sup>We measure centralization through a Herfindahl index calculated using each denomination's tax records. We explain the measure in more detail in Section 7.

the UCKG and Republicanos minimizes coordination costs, ensuring that the party can successfully leverage the denomination's mobilizational capacity. Through its local branches, the denomination can get a rough estimate of its local adherence, which informs the party's electoral strategy. The denominational leadership then chooses the candidates and designs the electoral campaign.<sup>17</sup>

While overt campaigning from the pulpit would violate Brazilian election law, most denominations in Brazil find ways to make their electoral preferences known. During services, pastors often talk about the issues that should guide their congregations' vote choice, offer explicit or implicit evaluations about the candidates running for office, and sometimes even invite candidates for special blessing ceremonies. It is also very common to distribute electoral leaflets with the denomination's endorsed candidates during and after the services.<sup>18</sup> UCKG pastors engage in all these strategies, effectively using pastors as electoral brokers.<sup>19</sup> During the 2018 federal elections, for example, the pastor leading the service at UCKG's main branch, the *Templo de Salomão*, told attendees that the denomination had its own endorsed candidates and that, while the law prevented him from naming them during the service, they should ask him and other branch personnel to share their names after the service.<sup>20</sup> Campaign materials are also regularly distributed in UCKG branches.<sup>21</sup>

The territorial infrastructure of the UCKG is crucial for the electoral success of Republicanos and its presence throughout the country facilitated the fast creation of a new party with national reach. Figure 3 uses data from the 2012 municipal elections – the last election before the campaign reform we study – to describe the presence of Republicanos in municipalities with no UCKG branch versus in those with at least one branch. In municipalities with UCKG presence, the party was twice as likely to have a party office and had larger party memberships (almost 2% of all party members, compared to 1.5% in municipalities without a branch). These advantages were decisive for entering an electoral race: Republicanos was more likely to run a mayoral candidate in municipalities with UCKG presence. Finally, while running an electoral campaign in these municipalities still required funds, campaign

<sup>&</sup>lt;sup>17</sup>For an in-depth study of the party's electoral strategy see Cerqueira (2017).

<sup>&</sup>lt;sup>18</sup>For a review of how denominations used these strategies during the 2018 electoral campaign, see Rebello (2018). <sup>19</sup>Cerqueira (2017).

<sup>&</sup>lt;sup>20</sup> "Tenho candidato a presidente, a governador, a senador, a deputado federal e a deputado estadual, mas por causa desse raio dessa legislação eleitoral, eu não posso dizer quem são, senão vão me multar e podem até fechar o templo por uns dias. (...) Informem-se com o pessoal da Igreja. Façam uma pesquisa sobre quem são os nossos candidatos e, depois, falem com os obreiros, conversem com o pessoal da igreja sobre quem são nossos candidatos." See Rebello (2018).
<sup>21</sup>See, for example, Figure 11 in the appendix.



#### FIGURE 3. Republicanos and the Organizational Structure of the UCKG

Figure 3 compares the presence of local party branches, party affiliation, the presence of a mayoral candidate, and campaign spending in municipalities without a UCKG branch versus in those with at least one branch during the 2012 municipal elections. Party office is a dummy indicator of whether a municipality has a Republicanos party office. Party affiliation calculates the share of Republicanos party members over the total number of party members from any party in each municipality. Mayoral candidate is a dummy indicator of whether a municipality had a Republicanos mayoral candidate in 2012. Campaign spending was calculated for the subset of municipalities where the party was running a mayoral candidate and is the total spending divided by the number of eligible voters in the municipality.

spending was much cheaper – the cost of spending per eligible voter was around 2.5 Reais versus almost 4 Reais in districts with no UCKG branch.

As shown in Figure 4, Republicanos has been the fastest growing party at the mayoral level, both in terms of the number of candidates running for office and mayoral victories. Crucially, this trend has increased with the implementation of campaign finance restrictions – together with Republicanos unique ability to leverage the organizations structure of the UCKG – to facilitate the party's growth.

### 4 Research Design

We are interested in estimating the causal effects of tighter campaign spending limits – which restrict the use of money in politics – on the electoral participation and success of Republicanos. To this end, we follow Avis et al. (2017), who exploit this discontinuity to understand its effects on electoral competition, and study a campaign reform that took place in Brazil prior to the 2016 municipal elections. In this section we provide a brief summary of the reform and our empirical strategy.

FIGURE 4. Variation in Mayoral Candidacies and Victories (2008-2016)



The figures show the variation in the number of mayoral candidates (left) and victories (right) by Republicanos (red line) and all other parties that placed more than 200 candidates in 2008.

**The campaign spending reform** We leverage a discontinuity in the legal maximum campaign spending in municipal elections in Brazil. The introduction of campaign spending limits before the 2016 municipal elections was triggered by the "Lava Jato" investigation, which uncovered one of the largest corruption scandals in the world. The scandal involved key members of Brazil's main political parties, who were found guilty of diverting billions of dollars through procurement contracts to fund their political campaigns. In response to the scandal, the Brazilian Supreme Court ruled to ban all corporate donations to candidates and parties. In 2015, the Brazilian Congress followed suit and passed a law that established a cap for campaign spending in future elections. However, the legal maximum campaign spending limit was not equal across municipalities but instead varied as a function of the maximum spent by any municipal candidate in the 2012 election.

**Regression discontinuity design** Our research design leverages the rule limiting maximum campaign spending in a given municipality based on the maximum spent by candidates in the previous election. In municipalities where no candidate had individually spent more than R\$142,857 in 2012, candidates in the 2016 mayoral race could spend a maximum of R\$108,039. In municipalities where maximum spending in 2012 exceeded R\$142,857, the spending cap jumped by about 25 percent at R\$133,700 and then increased linearly as 70% of the maximum spent in 2012.

To identify the effects of tighter spending limits, we exploit this discontinuity using a standard

regression discontinuity design approach.<sup>22</sup> The running variable for municipality *i* is the maximum amount spent by a candidate in that municipality during the 2012 elections,  $S_{i,2012}$ . The cutoff is at R\$142,857. Municipalities where  $S_{i,2012} \le R$ \$142,857 received low spending caps (maximum spending of R\$108,039), while those with  $S_{i,2012} > R$ \$142,857 experienced higher caps – candidates in those municipalities could spend R\$133,700 or more.<sup>23</sup> Our main explanatory variable,  $LowCap_i$ , is a dummy variable that indicates the presence of a lower campaign spending limit in municipality *i*. It takes the value of 1 for municipality *i* if  $S_{i,2012} \le R$ \$142,857 and 0 if  $S_{i,2012} > R$ \$142,857. Moving from control to treatment implies *tighter* restrictions to the use of money in electoral campaigns. Formally, we estimate the following model,

$$Y_i = \alpha + \beta Low Cap_i + \gamma S_{i,2012} + \epsilon_i \tag{1}$$

where  $\epsilon_i$  represents the error term.  $Y_i$  refers to several outcomes measured in the 2016 municipal elections. The parameter  $\beta$  measures the treatment effect of lower spending limits. We focus on two outcomes: whether or not the party a. ran a mayoral candidate, and b. won the mayoral election. In order to account for the trade-off between efficiency and bias in the selection of the bandwidth, we employ the optimal bandwidth, bias correction, and robust standard errors proposed by Calonico et al. (2014).

The main identification assumption is that the assignment of the spending cap is the only change that occurs at the threshold.<sup>24</sup> If there are no other determinants of the outcomes that vary discontinuously at the cutoff, the RDD estimates the causal effect of tighter campaign limits in municipalities where the 2012 campaign spending was below the cutoff. Note first that the announcement of the policy occurred *after* the 2012 elections, making it impossible for parties to manipulate spending in order to obtain higher campaign caps in future elections. Moreover, although we cannot directly test the continuity assumption, we can examine whether observable characteristics of the municipalities exhibit discontinuous jumps at the cutoff.<sup>25</sup> In our web appendix we report conventional tests of the internal

<sup>&</sup>lt;sup>22</sup>Our estimation approach is close to that in Avis et al. (2017).

<sup>&</sup>lt;sup>23</sup>These are the final values of the caps, after accounting for 2012-2016 inflation.

<sup>&</sup>lt;sup>24</sup>De la Cuesta and Imai (2016).

<sup>&</sup>lt;sup>25</sup>Dunning (2012); Eggers et al. (2020).

validity of the design and show that a broad set of observable characteristics is continuous around the cutoff.

**Data** We collected data on the campaign spending caps imposed by the Brazilian Electoral Court (TSE) for the 2016 election from official publications.<sup>26</sup> The election data, which also comes from the TSE, are available at the candidate level and cover all candidates that ran for mayor from 2008 to 2016. In addition to electoral results, the data include a basic set of demographic characteristics.

To measure the presence of religious organizations, we employed two sources. First, we obtained official data on all registered religious organizations from the Brazilian Internal Revenue Service (*Receita Federal*), which provides information on all formal firms at the time of registration.<sup>27</sup> We identified all branches for each religious denomination and calculated the number of branches in each municipality-year. To complement this information with more fine-grained details on UCKG presence, we web-scraped branch addresses from the denomination's website.<sup>28</sup> We obtained this information both pre- and post-treatment (2015 and 2020, respectively) and geocoded branch addresses through the Google Maps API.

# 5 The effects of campaign spending limits on Republicanos mayoral candidacies and victories

We first examine how spending caps influence Republicanos' strategy in mayoral elections. Parties in Brazil are selective about fielding mayoral candidates (Novaes 2018). Since deploying scarce resources in races against established parties is potentially wasteful, party leaders decide against placing candidates in most places. The MDB, the party which historically fields the largest number of mayoral candidates, placed a candidate in less than 40% of the 5570 Brazilian municipalities in the 2012 election. Despite its rapid expansion, Republicanos fielded 307 candidates that same year. Hence, we expect it to strategically run candidates in municipalities where the new spending law may increase its

<sup>&</sup>lt;sup>26</sup>Portaria TSE no 704, from July 1st 2016.

<sup>&</sup>lt;sup>27</sup>For a description of the process required to open a religious denomination and a place of worship in Brazil, see Cerqueira and Tuñón (2019).

<sup>&</sup>lt;sup>28</sup>www.universal.org, accessed 08-01-2020.

chances of winning the election.

Figure 5, left panel, shows regression discontinuity estimations, where the dependent variable is a dummy variable indicating if the party fielded a mayoral candidate. Each point is an estimation. Estimations to the left include study groups closer to the cutoff (which thus have a smaller number of observations). Yet, these are also the estimations most likely to conform with the continuity of potential outcomes. As we move along the x-axis, we trade off bias for power. The Figure confirms that Republicanos candidates are more likely to run for office in municipalities with stricter limits. The estimated effect is around 10 percentage points and is robust to a broad set of bandwidths.

In the right panel of Figure 5, we focus on estimations using the optimal bandwidth selected using the procedure in Calonico et al. (2014). We extend the previous analysis looking at whether Republicanos fields a mayoral candidate and also examine whether the candidate was elected. For the two outcomes, we analyze both the 2012 and 2016 election. Since the 2012 election took place before the spending caps were in place, the outcomes from that election serve as a pre-treatment placebo test. The results show there were no pre-existing differences between treatment and control municipalities in the presence of a Republicanos mayoral candidate or a mayoral victory. Estimations after spending caps are in place confirm that, after the reform, Republicanos increased the number of mayoral candidates running in districts with tighter restrictions on campaign spending. Moreover, the figure shows that this strategy paid off: The number of municipalities where the party's mayoral candidate won office is also higher in those municipalities.

Are these effects specific to Republicanos or do they extend to other parties? In Figure 6, we report the effects of stricter campaign limits on the presence of mayoral candidates and victories of Brazil's five largest parties as well as a group of the ten smallest parties.<sup>29</sup> The results show that the relative advantage of stricter campaign limits applies exclusively to Republicanos. Indeed, no other party responded strategically to the reform by running more mayoral candidates in capped districts. Moreover, for these parties, campaign restrictions had no effect on their probability of winning the election. Consistent with our argument which highlights the importance of coordination between the denomination and the party to seize the benefits from campaign restrictions, we find no effect for the PSC, Brazil's largest Evangelical party, supported by the Assemblies of God which, despite having a

<sup>29</sup>Size is measured in relation to the total mayoral candidacies in 2012.



#### FIGURE 5. Campaign Spending Effects on Republicanos' Mayoral Candidacies and Victories

The left panel shows regression discontinuity estimations using increasing bandwidths. The right panel shows optimal bandwidths estimations for pre-treatment placebo tests (before spending caps, in grey), and for the 2016 estimates (after spending caps, in black). *Fielded candidate* is a binary measure of Republicanos' mayoral candidacy in the municipality. *Elected Mayor* is a binary measure of Republicanos' mayor incumbency. Estimations are RD robust linear models using the campaign spending discontinuity, following Calonico et al. (2014). Bars denote 95% confidence intervals.

## FIGURE 6. Effects of (stricter) campaign spending limits on fielding candidates and electoral victories for selected parties



Both figures report *rdrobust* models. Bars represent 95% robust confidence intervals. (a) shows the LATE of spending caps on candidacy, and (b) the LATE on electing candidates.

large following, have a fragmented leadership.<sup>30</sup>

To further probe the extent to which our results are driven by a strategic response of Republicanos to the new law, we restrict our analysis to municipalities where the party had run a candidate in the previous election. Since the party had more information on this subset of municipalities, we would expect a strategic response to be driven by the party's electoral calculation in these set of districts. Results confirm that, among municipalities where it had experience running a campaign, Republicanos is more likely to run again in districts with stricter spending caps. Figure 7 shows that, in places where it had fielded a candidate before the Republicanos are almost 70% more likely to run candidates where campaign spending is stricter, ten times larger than the non-conditional effect. When contrasted with other parties that had no direct advantage or disadvantage with the new law, the strategic decision of the Republicanos becomes evident. No other party appears to act upon the effect of stricter campaign funds.

<sup>&</sup>lt;sup>30</sup>The Workers' Party (PT) has historically had a strong labor-based organization and, in theory, could also profit from the introduction of spending caps. Similar to churches, union mobilization would not suffer greatly from the introduction of spending caps, as it largely depends on membership contributions and personnel to mobilize voters (Collier and Handlin 2010). However, as Dunning and Novaes (2020) show, during its tenure controlling the presidency, the PT opted to rapidly expand its local presence in mayoral races *without* relying on labor organizations. In addition, 2016 was perhaps the most traumatic year for the party, with the impeachment of the president, Dilma Rousseff.

FIGURE 7. The effect of campaign spending limits on the local presence of party candidates candidates conditional on running in 2012



Estimations are RD robust linear models using the campaign spending discontinuity, following Calonico et al. (2014). Bars denote 95% confidence intervals.

### 6 Religious Organization as Campaign Technology

Why does Republicanos benefit from stricter campaign spending limits? In this section we provide evidence that the effect of campaign spending caps on the party's electoral success is largely driven by its ability to capitalize on the organizational infrastructure of the UCKG.

First, we explore whether the benefits of campaign limits are the result of an advantage derived from the party's ability to capitalize on religious appeals. If religious appeals offered candidates an electoral advantage in a context of restricted spending, other parties could also strategically use these types of appeals. Moreover, we would see a result on electoral victories similar to the one for Republicanos – campaign spending limits would increase the probability of seeing a "religious" candidate win the election.

To identify Evangelical candidates, we use candidates' ballot names. We classify those with religious references (e.g. Pastor, Father) as belonging to candidates that wish to mobilize voters through a doctrinal appeal. Figure 8 shows no indication that these types of candidates increase if campaign spending becomes more strict, and such candidates are not more likely to win elections. In short,

#### FIGURE 8. Campaign spending effects on religious candidates.



Estimations are RD robust linear models using the campaign spending discontinuity, following Calonico et al. (2014). Bars denote 95% confidence intervals.

the effects of the reform do not extend to other Evangelical candidates that share a similar doctrinal teaching with the UCKG but lack its organizational support.

Next, we analyze how the local presence of UCKG branches helps Republicanos candidates win votes. To this end, we explore the fact that citizens vote and visit churches that are closer to their homes.<sup>31</sup> If Republicanos candidates benefit from the UCKG's organization – e.g., if pastors proselytize in favor of the party's candidates or allows Republicanos candidates to campaign inside temples – their electoral advantage should be more pronounced in polling stations that are closer to a UCKG branch. Critically, this advantage should be starker after the implementation of spending caps. At the same time that tactics requiring financial resources become more difficult to sustain, the reform does not affect the use of religious organizations to influence voters. Thus, after the reform, religious organizations should have greater *relative* capacity to deliver votes and candidates backed by churches will have less competition from candidates who once relied largely on financial resources to attract support.

To examine whether Republicanos benefit from the proximity of a UCKG branch after the

<sup>&</sup>lt;sup>31</sup>Citizens are assigned to vote in the polling station that is closest to their homes. We conjecture that UCKG church-goers are also likely to visit the branch that is closer to their homes.

implementation of spending caps, we perform a spatial analysis in municipalities in which the party fielded a candidate in 2016. In these places, we calculate the Republicanos' vote share at each polling station. We then estimate the Haversine distance (in kilometers) between polling stations and the nearest UCKG branch. In addition to the absolute distance, we also construct a variable that squares that distance (and divides it by 1000 for presentation purposes) in order to account for a potential non-linear relationship between our variables. We interact these measures of distance with an indicator that assigns a value of 1 if spending in the municipality was capped. If proximity to a UCKG branch indeed helps Republicanos candidates, we should expect a negative relationship between this distance and support for Republicanos.

$$Votes_{(i)p} = \alpha_0 + \beta_1(Distance_p \times Spending Cap_i) + \beta_2 Distance_p + \mathbf{X}'_p \delta + \gamma_i + \mu_{(i)p}$$
(2)

where  $Votes_{(i)p}$  are the Republicanos vote share in polling station p at municipality i in 2016, Distance is a measure of distance between polling station p and its closest UCKG branch, Spending Cap denotes that the polling station was in a municipality with stricter spending caps. We estimate regression models with municipality fixed-effects,  $\gamma$ , which allow us to capture within-municipality variation in support for Republicanos in different polling stations, removing time-invariant factors that could be related to church presence and electoral results. Moreover, we only collect municipalities that are within a bandwidth generated non-parametrically.<sup>32</sup> In focusing on these municipalities, we hope to preserve the regression discontinuity feature in which treatment – spending caps – varies abruptly, while other potential confounders are continuous across treatment and control.<sup>33</sup> We run regressions with and without demographic covariates that are measured at the polling station level.

Table 1 presents the results of four different models, each confirming a strong association between UCKG proximity and Republicanos candidates where campaign spending is limited. The interaction of distance and spending cap shows a negative relationship on both of our measures of distance, denoting that Republicanos candidates should expect more votes wherever a church is nearby.

<sup>&</sup>lt;sup>32</sup>Since the model includes municipal fixed-effects, we cannot use a local linear model which requires interacting treatment with the running variable which would be collinear with the fixed effects. To avoid the potential bias induced by a large bandwidth, our analysis focuses on the observations within the conventional bandwidth of Calonico et al. (2014) which is the smallest one.

<sup>&</sup>lt;sup>33</sup>The bandwidth includes municipalities with more or less than R\$65,775.88 from the cutoff. Table 2 presents results within a smaller bandwidth, yielding very similar results.

	Dependent variable:				
	(1)	(2)	(3)	(4)	
Distance $\times$ Spending Cap	-0.0014**	-0.0014**			
	(0.0007)	(0.0007)			
Distance	0.0012*	0.0012*			
	(0.0007)	(0.0007)			
Squared Distance $\times$ Spending Cap			-0.0010*	-0.0010*	
			(0.0006)	(0.0006)	
Squared Distance			0.0010*	0.0010**	
			(0.0005)	(0.0005)	
Constant	0.0219***	0.0159**	0.0216***	0.0176**	
	(0.0002)	(0.0067)	(0.000000)	(0.0090)	
Controls	No	Yes	No	Yes	
Observations	619	616	619	616	
Note:	619		<0.1; **p<0.05		

### TABLE 1. Distance to Polling Station, Spending Caps, and Support for Republicanos

### 7 AG-PSC Coordination and the Effects of the Campaign Reform

In Section 5, we showed that, while Republicanos responded strategically to the campaign reform and ran more candidates in capped districts, the PSC—Brazil's other large Evangelical party—had no similar reaction. We argued that this is due to the ability of centralized governance structure of the UCKG, which facilitates coordination between the party and the denomination. Instead, AG is a highly fragmented into different factions, which hinders coordination between the denomination and the party—it requires negotiating with several different denomination leaders which are often in competition with each other. In this section, we further probe our argument by exploring municipal-level variation in the centralization structure as well as local competition within AG. We expect the PSC to be more likely to respond to the reform in municipalities where coordination between the party and the denomination is less costly–mainly those districts with higher levels of centralization in the denomination's governance and less competition between AG branches.

We measure AG centralization at the local level by leveraging a novel strategy, based on the structure of the denomination's tax records. Branches that are off-shoots of a main branch (and hence function under the same leadership), are often registered under a same tax id. We can thus use the share of branches under each tax id to construct an index of governance centralization based on the Herfindahl index, routinely used to measure market concentration. The AG centralization index for municipality *j* is  $CentAG_j = \sum_{i=1}^N s_{ij}^2$  where *i* indicates an individual tax id and  $s_{ij}$  is the share of churches registered under tax id *i* in municipality *j*. Municipalities where where all AG branches are registered under the same tax id will receive a value of one, whereas an index close to zero indicates that the denomination's governance is more decentralized.

In the top panel of Figure 9, we study whether the effect of the campaign reform varied across municipalities with different levels of AG centralization. The figure shows the result of the RDD estimation for split samples by level of centralization (comparing municipalities with an AG centralization index above and below the median). Consistent with our expectations, we find that the PSC was able to run more candidates in capped districts, but only in municipalities where the AG governance is centralized. In those municipalities, the party increased its number of mayoral candidates by 20 percentage points. Instead, in municipalities where AG is fragmented the effect is smaller (less than 10

# FIGURE 9. Campaign spending effects on PSC candidacies, according to local centralization and competition among Assembly of God Churches.



Estimations are RD robust linear models using the campaign spending discontinuity, following Calonico et al. (2014). Bars denote 95% confidence intervals.

percentage points) and is not statistically significant.

Finally, we examine whether the effect of the campaign reform varied across municipalities with one versus two or more AG branches. Since a single AG results in an undivided local leadership, we expect party-denomination coordination to be less costly when there is only one AG branch in the municipality. Given the decentralized nature of the denomination, coordination becomes more complex as the number of branches increases. The bottom panel of Figure 9 shows the result of the RDD estimation for the split samples. The findings confirm our expectation that the presence of a single AG branch eases coordination between the denomination and the party, allowing the party to run more candidates where is may benefit from the campaign reform. In municipalities with a single AG, the PSC increased its number of candidates by 30 percentage points. There is no change in the number of PSC mayoral candidates in municipalities with two or more PSC branches. Overall, the tests in this section provide additional evidence that coordination between the denomination and the party is crucial for the party to be able to benefit from the campaign reform.

## FIGURE 10. The Effect of Campaign Spending Limits on the Presence of UCKG and Assembly of God Branches



The outcome is the net increment of churches since 2012. Estimations are RD robust linear models using the campaign spending discontinuity, following Calonico et al. (2014). Bars denote 95% confidence intervals.

### 8 Electoral Influence and Religious Entrenchment

Does the UCKG leadership seize the opportunity brought by spending caps to open branches where they would be more likely to generate electoral dividends? Corbi and Sanches (2021) show that tax incentives promote the opening of Evangelical churches, which subsequently help Evangelical candidates. Here, we test if the decision to open UCKG branches follows political interests. Using the location of UCKG branches both before and after the campaign spending reform, Figure 10 shows that there was no relationship between campaign spending limits and the location of new UCKG branches before the reform. However, after the campaign reform in 2016, we find that the location of new UCKG branches favors municipalities with spending caps. This pattern grows throughout the 2016-2020 period, suggesting the strategic placement of church branches in anticipation of the 2020 municipal election. Crucially, this pattern does not hold for the Assemblies of God. As we discussed previously, the AG does not have a centralized leadership that could take advantage of the spending limits to better place branches and help candidates backed by the church organization. Indeed, the right panel in Figure 10 shows there is no relationship between the spending cap and the placement of AG branches.

### **9** Discussion

Campaign spending limits can curb the influence of economic interests in electoral politics but, perhaps inadvertently, increase the value of campaign technologies that are less dependent on financial resources. In particular, we argue that spending caps can advantage parties and candidates linked to organizations with grassroots mobilizational capacity. Well organized churches and other types of religious institutions often possess such advantages, thanks to their physical infrastructure, extensive networks of congregants, and embeddedness in local communities – all of which enable cost-effective electoral mobilization. We provide evidence for this argument through the study of Republicanos, one of Brazil's main Evangelical parties.

Leveraging a reform that imposed limits on campaign spending for Brazilian mayoral elections, we show that stricter limits increased the electoral entry and victory of Republicanos. Our findings indicate that organizational infrastructure of the UCKG, the church to which it is affiliated, was central to these gains. The effect of the spending cap is larger in places where the party had a previous presence before the policy was put in place and are more pronounced in polling stations that are closer to a UCKG branch. Furthermore, the UCKG leadership seems to have responded strategically to the implementation of campaign spending limits by opening UCKG branches in places with stricter caps. Using the location of UCKG branches both before and after the campaign spending reform, we find no relationship between campaign spending limits and the presence of a UCKG branch before the reform whereas number of UCKG churches gradually increases in municipalities with spending caps after the reform.

Not all religious institutions are equally capable of capitalizing on restrictions on campaign spending. Our findings apply exclusively to Republicanos, which benefits from its ties to a church that has built up strong organizational capacity and grassroots penetration. No other party responded strategically to the reform by running more mayoral candidates in districts with stricter spending limits, including candidates linked to the AG, which lacks a centralized leadership that could take advantage of the spending limits to better place branches and help candidates backed by the church organization. Nor does religious doctrine seem to explain the relative success of Republicanos: The effects of the reform do not extend to other Evangelical candidates that share a similar ideological commitments as the UCKG but lack its organizational support.

These findings have important implications for politics in Brazil at the local and higher administrative levels. Municipal governments have oversight over property taxes, media licenses, and school systems. The UCKG may be particular interested in gaining more control over local media, a sector in which they have invested heavily (Komatsu 2019). Cementing ties with local brokers, who have a financial incentive to work for winning parties and candidates (Novaes 2018), can also aid Republicanos in electoral contests at higher levels.

We expect these findings to resonate beyond the case of Brazil and to extend to other types of societal institutions. If religious doctrine does not account for the apparent electoral advantage of UCKG-backed candidates, then churches are not the only organizational form that can offer costeffective vote mobilization technologies in the context of campaign spending restrictions. Externally mobilized parties with links to other types of organizations, such as unions, indigenous associations, or ethnic groups, can capitalize on grassroots infrastructure to win elections. In an earlier era in Brazil, this was true for the PT, which has strong historical ties to labor unions (Dunning and Novaes 2020). In the current historical moment, however, religious institutions seem to have an organizational advantage. Across Latin America and other global regions, most labor unions have been in decline since the 1980s, and affiliated political parties have pivoted towards clientelism while shedding their reliance on unions for electoral mobilization (Levitsky 2007). Meanwhile, religious organizations are robust, and some are increasingly involved in politics, serving as effective partners to mobilize electoral support in the current period. In short, our claim that campaign spending limits privileges parties and candidates backed by societal institutions with strong organizational capacity should travel beyond religious institutions. The most effective organizational type to back externally mobilized parties and candidates will vary by national context and time period.

Our findings have important normative implications. Campaign spending reforms may generate unintended political tradeoffs: While they were originally designed to limit the role of money in politics and curb the influence of big donors, reforms that restrict spending can empower other special interests. By advantaging societal institutions with strong grassroots penetration, campaign spending limits may make it easier for conservative religious groups to participate in politics. Advocates of such electoral

reform laws may have sought to limit the interests of big business and wealthy actors in politics but, in so doing, may have enabled others to take advantage of these reforms – perhaps in ways that are not in line with the normative commitments of reformers.

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## A Appendix

#### FIGURE 11. Example of Republicanos Materials Distributed in UCKG Churches

The image shows the contents of a reception table in a UCKG church in the city of São Paulo around the 2014 federal elections. The handwritten notes in the page to the left include congregants' names, together with some of the issues they wish to get help from God for. This include "guidance to quit drugs and get out of depression," "get a big home and be able to get out of the streets," "health," and "getting that wonderful job that I am waiting for." Towards the middle of the table, there are copies of *Hora da Mudanza*, a free UCKG general interest publication that congregants are invited to take home. To the right, there is a stack of flyers with the information of the PRB's legislative candidates for the election.

	Dependent variable:				
	(1)	(2)	(3)	(4)	
Distance × Spending Cap	-0.0016**	-0.0016**			
	(0.0007)	(0.0007)			
Distance	0.0013*	0.0013*			
	(0.0007)	(0.0007)			
Squared Distance $ imes$ Spending Cap			-0.0024***	-0.0024***	
			(0.0005)	(0.0006)	
Squared Distance			0.0010*	0.0011**	
			(0.0005)	(0.0005)	
Constant	0.0466	0.0311	0.1342***	0.1128***	
	(0.0522)	(0.0604)	(0.0031)	(0.0271)	
Controls	No	Yes	No	Yes	
Observations	359	356	359	356	
Note:	*p<0.1; **p<0.05; ***p<0.01				

#### TABLE 2. Distance to Polling Station, Spending Caps, and Support for Republicanos (R\$25,000 bandwidth)