

Democratization without Party System Institutionalization: Cross-National Correlates

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For generations, a conventional wisdom in political science was famously captured by Schattschneider's (1942: 1) dictum that "Political parties created democracy, and modern democracy is unthinkable save in terms of the parties." By Schattschneider's logic, it is difficult to imagine a democracy without solid parties (see also Aldrich 1995: 295–96). Many other scholars have seen parties – and implicitly, institutionalized party systems – as essential underpinnings of modern representative democracy (Sartori 1976; Stokes 1999).

But as post-transition experiences in Latin America, Africa, the post-communist countries, and parts of Asia make clear, the solidity of parties and party system institutionalization (PSI) vary greatly across cases and over time. Rather than being the norm, institutionalized party systems have been the exception in third and fourth wave cases of democratization. What explains the extraordinary variance in institutionalization?

A complete answer to this question would require a different book devoted primarily to that analysis. This chapter has a more modest objective. It offers insights into average patterns for the most recent episodes of democratization in eighteen Latin American countries. Rather than exploring the process by which individual cases evolved, we search for the "average" quantifiable factors associated with variations in levels of PSI.

The chapter outlines five theoretical approaches to explaining PSI, presents hypotheses that derive from these theoretical approaches, and offers quantitative analyses that assess how compatible the results are with these theoretical approaches and hypotheses. The quantitative analysis is a crucial test of which theoretical approaches and specific hypotheses are likely to offer explanatory leverage for Latin America. Without it, it would be difficult to assess which

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theoretical approaches and hypotheses are most fruitful for further exploration. It is also perhaps the best way to consider a wide array of alternative hypotheses.

The most striking finding is the degree to which many statistical associations defied expectations and ran counter to the established literature. Neither a country's past history of democracy nor the longevity of the current semi-democratic or democratic regime had an association with PSI. In Latin America, on average, the latest wave of democratization has not induced PSI, contrary to the experience of the early democratizing countries (Lipset and Rokkan 1967) and to southern Europe after 1974. A venerable literature has postulated that in mass representative democracy, parties offer great advantages to politicians (Aldrich 1995) – but in Latin America, either politicians are not investing much in party building (see Levitsky's chapter on Peru; Hale 2006), or those investments are failing. In several party systems, outsider presidents purposefully crippled the established parties as a way of bolstering their own power (e.g., Alberto Fujimori in Peru, Hugo Chávez in Venezuela, Rafael Correa in Ecuador, Evo Morales in Bolivia).

Converse (1969) argued that as democracy survived for a longer time, voters would be more likely to develop partisan identifications, which, in turn, would stabilize electoral markets. Downs (1957) expected that electoral markets would stabilize as parties built reputations and voters learned which parties best represented their interests. But these expectations, too, have been dashed. Mainwaring *et al.* (2016) and Mainwaring and Zoco (2007) showed that electoral volatility and the vote share of new parties were on average much lower in democracies that were born a long time ago. But contrary to these two works based on a broader sample of countries, in Latin America, countries with a long prior legacy of democracy did not on average have more institutionalized party systems than countries with little history of democracy prior to the third wave. On average, democracy or semi-democracy has now lasted for two generations without PSI.

A second key finding is that, despite these and other counterintuitive null results, PSI and erosion do not occur randomly. The most important “positive” findings are associations between PSI and other party or party system characteristics. After testing the argument advanced by Zucco (2015) and Luna and Altman (2011) that PSI can occur even in the absence of programmatic connections between voters and parties and of organizationally strong parties, we find support for the first part of this argument, but not for the second. Institutionalization is much more likely when parties have strong national organizations. It is also more likely where party systems are less fragmented (i.e., where there are fewer parties).

Third, government performance has had a surprisingly weak association with PSI in Latin America. Economic growth and inflation had weak correlations with PSI. This is surprising in light of the magnitude of economic crisis and change in Latin America since the beginning of the great debt crisis in 1982, and also in light of the weight some previous literature has placed on

economic distress as the major cause of party system upheaval in Latin America and the post-Soviet region.

The analysis in this chapter has several limitations. We do not offer a parsimonious theory that purports to explain PSI, but rather spell out the major theoretical approaches that might explain variance in outcomes and provide empirical tests about them. Given that the data are observational, we refrain from causal claims.

The chapter examines the plausibility of competing theories and hypotheses about PSI. It considers five different theoretical approaches to understanding PSI and twenty specific hypotheses associated with those theoretical approaches. We give evidence about theoretically important correlates that scholars have hypothesized to have a causal impact on PSI.

The chapter proceeds as follows. The first section describes the dependent variables and explains the case selection of electoral periods. The second section describes five theoretical approaches to understanding party system change, presents twenty hypotheses that correspond to these theoretical approaches, describes the operationalization of the variables, and discusses results. The third section discusses the model and presents results. The conclusion reviews the findings and their limitations.

DEPENDENT VARIABLES AND CASE SELECTION

We test for the associations between PSI and its hypothesized determinants in eighteen Latin American party systems.¹ We included all presidential and all lower chamber elections (in separate regressions) belonging to the contemporary electoral regime (as of 2015). We define an electoral regime as a continuous period in which countries score 2 or more in the Polity2 index. This criterion includes fifteen Latin American countries since (re)democratization during the third wave and the region's only three countries that democratized before the third wave and remained democratic or semi-democratic until the 2000s – Costa Rica, which has been democratic since 1953; Colombia, democratic or semi-democratic since 1958; and Venezuela, which was democratic from 1959 until the 2000s, before descending to competitive authoritarianism. We also include elections under three competitive authoritarian regimes that began as democracies or semi-democracies but then eroded: the Peruvian elections during Alberto Fujimori's presidency (1990–2000), the Venezuelan elections since 1958 despite the erosion to competitive authoritarianism in 2009, and the Nicaraguan elections since 1990 despite the erosion around 2010. In all three cases, the electoral process remained uninterrupted and elections remained highly contested except for Venezuela in 2005, when the opposition abstained.

¹ Coverage for Argentina's lower chamber does not extend past 2001 because of problems of data availability. As we noted in Chapter 2, after 2003 the Argentine data are available at the provincial level but not at the national level.

The unit of observation for the quantitative analyses is country electoral periods – that is, each electoral period in each country. Chapter 2 included seven indicators of PSI for which data are available for each electoral period: the vote share of new parties, the stability of the main contenders, and electoral volatility, for both presidential and lower chamber elections, and ideological change at the system level in the lower chambers of national congresses.² We did not include ideological stability in the analyses in this chapter because the coverage of data for this measure was more limited.

Table 4.1 reports the electoral periods included for each country and the basic descriptive statistics for the dependent variables. The 148 electoral periods for the lower chamber and 113 electoral periods for the presidency in the dataset encompass a huge range of scores for the dependent variables and most of the independent variables. This is the longest time series that has been used in quantitative analyses of electoral volatility and the vote share of new parties for Latin America.

THEORETICAL EXPECTATIONS, HYPOTHESES, AND MEASUREMENT OF VARIABLES

The literature on party system change, stability, and collapse, and party collapse contain a wide range of theoretical approaches and hypotheses. Ex-ante and post-facto, we found it difficult to adjudicate among these different theoretical approaches and hypotheses. No extant parsimonious theory satisfies us on empirical grounds, and party system change and stability are influenced by a multiplicity of variables that are difficult to boil down to a parsimonious theory. For these reasons, we tested several major theoretical approaches and included many potentially important variables at the expense of sacrificing theoretical parsimony.

The institutionalization of a party system reflects an equilibrium between the supply side (the creation, splits, mergers, and disbanding of parties by politicians; the formation and dissolution of coalitions; and defections by individual politicians from one party to another) and voters' choices. Five theoretical approaches in the literature on stability and change in parties and party systems might help explain why such an equilibrium emerges, exists, or becomes disrupted: formal rules of the game, features of parties and party systems that are not directly associated with PSI, government performance,

² We do not include the six indicators of change over a generation (1990–2015) or the summary country measures of PSI because they would limit us to cross-sectional analysis, with only seventeen or eighteen observations (countries). This is not enough observations for multivariate regression analysis with many independent variables. As a result, the dependent variables in this chapter capture only part of PSI – short-term, but not medium-term change and stability. Because of the high correlations between the six dependent variables in this chapter and the medium-term (1990–2015) values for these same indicators, the findings here should offer some guidance about the medium-term correlates of PSI.

TABLE 4.1 *Dependent Variables, Descriptive Statistics*

Country	Elections included	Lower chamber elections				Presidential elections			
		No. of EP	Volatility	New parties	Main party stab.	No. of EP	Volatility	New parties	Main party stab.
Argentina	1983–2011	9	20.7	3.5	89.0	7	46.9	10.2	67.6
Bolivia	1980–2009	8	39.9	8.7	67.5	7	42.1	11.5	62.9
Brazil	1986–2010	7	17.5	3.7	90.0	6	31.0	1.3	77.8
Chile	1989–2009	6	15.1	1.6	96.7	5	28.8	0.4	80.0
Colombia	1958–2010	18	16.4	6.4	96.8	10	33.1	20.7	71.7
Costa Rica	1953–2010	15	25.7	8.3	85.6	15	25.3	8.6	85.6
Dom. Republic	1978–2008	8	20.0	3.0	95.9	9	18.5	1.4	96.3
Ecuador	1979–2009	12	29.0	9.4	79.9	9	44.2	22.4	61.9
El Salvador	1984–2012	10	14.4	7.7	90.1	6	19.9	8.9	88.9
Guatemala	1985–2011	8	40.5	12.7	65.8	7	56.6	40.3	47.6
Honduras	1981–2009	8	12.6	5.8	100.0	8	11.5	5.5	100.0
Mexico	1988–2012	8	16.8	3.3	100.0	4	19.2	2.2	100.0
Nicaragua	1984–2006	5	31.4	1.1	66.6	5	32.0	2.7	76.7
Panama	1989–2009	5	29.0	9.5	76.8	5	43.4	5.6	70.0
Paraguay	1989–2008	5	26.0	9.8	81.8	5	42.1	13.0	70.0
Peru	1980–2006	7	47.1	12.9	53.6	7	54.9	21.0	50.0
Uruguay	1984–2009	6	12.0	1.6	100.0	6	10.8	0.7	100.0
Venezuela	1958–2012	12	34.1	14.0	78.3	12	32.6	17.7	72.9

Note: Country means. No. EP = Number of electoral periods. New Parties = Vote share of new parties. For Argentina, data for legislative elections extend to only 2003.

the political regime, and societal features. These theoretical approaches have deductive merit and have found empirical support in some studies on related issues.

H1. Open formal rules of the game are associated with lower PSI. Formal rules of the game affect the strategic incentives of politicians and voters, which, in turn, might affect their behavior and as a final result impact PSI. Rules of the game that either facilitate the entrance of new actors or that provide few incentives to stop voters changing their vote choice between elections are more likely to create the conditions for greater party system change (Carreras 2012; Cox 1997; Madrid 2005; Mainwaring *et al.* 2016; Roberts and Wibbels 1999; Su 2015; Tavits 2005). Open institutional arrangements facilitate greater supply-side changes in the party system, decreasing the system's predictability. Conversely, where rules help close systems, for example by making it harder for new parties to enter the system and become major contenders, we should see greater institutionalization.

H1a. Higher district magnitudes (the average number of seats per district) should make it easier for new parties to establish an electoral toehold in lower chamber elections (Cox 1997; Tavits 2006, 2008). Conversely, low district magnitudes might reduce volatility and set high barriers for new entrants. The effects of district magnitude operate partly through their impact on the number of parties (H2a), but district magnitude might have an independent effect on volatility.

We calculate district magnitude as the average number of seats per electoral district of a country, *District Magnitude (Log)*. We logged district magnitude because we expect a log-linear relationship between the average number of seats and PSI: if district magnitude has an effect on PSI, these effects should decrease as the average number of seats becomes larger.

H1b. Concurrent presidential and congressional elections should be associated with greater institutionalization. With concurrent presidential and legislative elections, members of congress have more at stake in the outcomes; their own political careers are immediately on the line. When presidential elections are not held concurrently with congressional elections, other politicians from the same party and coalition have weaker incentives to participate in the campaign (Cox 1997). Their own political careers are less directly tied to the outcome of the presidential election. This situation makes it easier for political outsiders to fare well (Carreras 2012) and might boost electoral volatility. This variable, *Concurrent*, is coded 1 if elections in both the first-round presidential and the lower chamber elections occurred on the same day, and 0 if otherwise.

H1c. Rules that allow candidates and parties to purchase TV and radio ads are associated with less institutionalization. If candidates can purchase TV and radio time, it makes it easier for outsiders and new parties to enter the system and expand. If they may not purchase TV and radio time, new parties have more

difficulty getting their message out, which could favor the survival and stability of already established parties. *Buy TV* is an indicator of whether candidates and parties can buy television and radio ads to broadcast campaign advertising or whether ads are allocated by the state. It takes the value of 1 when candidates and parties cannot independently buy air time on national media and 0 if they can't.

H1d. Regulations that grant parties exclusive access to elected positions (and that bar independents) are associated with higher PSI. In forty-four of the legislative elections we include and forty-eight of the presidential elections, independent candidates could run without being nominated by a political party. When such a regulation is in place, non-partisan candidates can challenge the existing parties, potentially decreasing PSI. The variable *Independents can run* assumes the value of 1 when this regulation exists and of 0 when it does not. We include *Independents can run (presidential elections)* in presidential elections only; we include *Independents can run (lower chamber)* in lower chamber elections only.

H1e. More difficult registration requirements for forming a new party are associated with greater PSI. Some laws make it more difficult to create new parties, possibly increasing PSI. A high required number of signatures makes it difficult to register a new party, which might favor the existing parties and limit party system change. Consistent with this theoretical intuition, Su (2015) found that a high number of signatures favored lower electoral volatility in Latin America. We follow Su (2015) and measure the NSPR, i.e., the number of signatures required, to form a new political party. Our variable follows Su's rules, converted to a 0 to 1 scale, where 0 means that no signatures are required to register a party, and 1 is the highest value registered on Su's original scale. All intermediate values are calculated as a percentage of the highest value on Su's scale.

H1f. If public funding is generous, and if it is allocated primarily on the basis of party size, and if there is a high threshold for receiving public funding, these conditions favor the main contenders and should help stabilize the party system. This variable is calculated as the interaction between the per capita amount of public funding (in US dollars) times the allocation rule times the threshold.³ It captures the degree to which rules for public funding favor the main contenders and make it harder for new parties to emerge and for small parties to grow. A high score means that public funding of parties is generous, that it is distributed almost exclusively based on the size of the parties and hence favors large parties, and that small parties are not eligible to receive it. A low score results from little public funding, or from allocating the public funds in a way that favors small parties. *Public Funding* is scaled from 0 to 1, where 0 is the

³ For details of the construction of this variable, see Online Appendix 4.1.

lowest score of any case in the dataset, 1 is the highest score, and all intermediate scores are linear interpolations based on the original scale.

H2. Some party and party system characteristics are associated with higher PSI. Following a large literature, we test several hypotheses arguing for the association between some characteristics of the party system and of the parties with greater or lower institutionalization.

H2a. A higher effective number of parties is associated with lower PSI. In many previous studies, a higher number of parties has led to increased electoral volatility; this has been one of the most consistent findings in this literature (Bartolini and Mair 1990: 131–45; Madrid 2005: 10; Mainwaring and Zoco 2007; Mainwaring *et al.* 2016; Remmer 1991; Roberts and Wibbels 1999; Tavits 2005, 2008). A more open party system, as expressed by a higher effective number of parties, might make it less daunting for politicians to form new parties, and might particularly increase extra-system volatility for this reason. It could also affect voters' logic. If the system has many parties, the ideological difference between any two contiguous parties tends to be smaller, so that citizens might more readily switch parties from one election to the next. Moreover, voters have more options to which they can defect. Conversely, if a system affords few options, voters might be less inclined to switch to a different party.⁴

Our measure is the effective number of parties (ENP) in the lower chamber (one divided by the sum of the squares of the share of each party) (Laakso and Taagepera 1979) in the first election of an electoral period when the dependent variable is measured using legislative elections results. When the dependent variable comes from presidential elections, we use the effective number of presidential candidates (ENPC). We use the logged version because we expect diminishing effects on the dependent variables as ENP increases, *EN Parties (Log)*.

H2b and H2c test the impact of what we called underpinnings of PSI in Chapter 1. In Mainwaring and Scully (1995a), these were two dimensions of PSI.

H2b. Systems in which large numbers of voters identify with a party should be more institutionalized. Where large numbers of voters identify with a party, this party should have a stable electoral base (Green *et al.* 2002; Lupu 2016; Seawright 2012), and a large swath of voters will vote for the same party consistently over time. In turn, this should generate stability at the aggregate level. There are fewer floating voters. This is why Lupu's (2016) theory about

⁴ The effective number of parties is conceptually completely independent from electoral volatility and the vote share of new parties. The latter two variables measure electoral change at $T+1$. In contrast, the effective number of parties is based on parties' vote shares (i.e., it is a variable about levels, not about change) measured at T . Empirically, many party systems are fragmented but stable, and some erstwhile two-party systems can unravel and experience high instability (e.g., Colombia after 1990).

party system collapse hinges critically on a prior decrease in the share of partisans.

We collected information on the percentage of respondents to Latinobarometer surveys between 1997 and 2003 and the AmericasBarometer between 2006 and 2012, which reported sympathizing with a political party (Latinobarometer 2015; LAPOP 2016). Because the years when the surveys were conducted and election years did not match exactly, we used the most recent survey conducted within an electoral period.

H2c. Systems with solid party organizations should be more institutionalized. Solid party organization is a fairly proximate explanatory variable that might help explain why some systems institutionalize and others do not. Solid organizations should help politicians connect in more stable ways to voters, thus reducing volatility (Samuels and Zucco 2015; Tavits 2013; Van Dyck 2016).

We use V-Dem data to measure the strength of party organizations (one year lag). V-Dem's *National Party Organizations* variable asks coders to report the share of parties in a country that have permanent national organizations.⁵ Answers in the questionnaire range from "no parties" to "all parties."⁶ Using a Bayesian IRT (Item Response Theory) model, these answers are translated into a continuous scale. In theory, this indicator could vary from minus infinity to plus infinity. In reality, values range from around -3 to 3. Higher values indicate countries where all parties have permanent organizations.

H2d. Countries with more programmatic linkages between parties and voters tend to have more institutionalized systems. Some scholars have posited that programmatic linkages are likely to be more stable than clientelistic or personalistic linkages (Hanson 2010; Kitschelt *et al.* 2010; Mainwaring and Torcal 2006). Clientelistic linkages involve an exchange: a voter gives a politician her vote in exchange for some selective or club goods (a job; access to health care, education, or retirement benefits; a local school, a paved road or street). But voters can easily defect, and in competitive political markets, they might conclude that another politician's offer is better. In contrast, programmatic linkages are built on voters' belief that a party's programmatic offer is the best available. Voters' programmatic preferences tend to be fairly stable.

We used V-Dem data to measure the types of connections between voters and parties. V-Dem asked coders to describe the predominant types of

⁵ The V-Dem survey defines what coders should understand by "permanent organizations": "A permanent organization connotes a substantial number of personnel who are responsible for carrying out party activities outside of the election season" (Coppedge *et al.* 2016b: 125)

⁶ The full text of the question is: "Question: How many political parties for national-level office have permanent organizations? Responses: 0: No parties. 1: Fewer than half of the parties. 2: About half of the parties. 3: More than half of the parties. 4: All parties" (Coppedge *et al.* 2016b: 125).

linkages established by the main parties in a polity, explicitly mentioning “clientelistic,” “local collective,” and “programmatic” linkages.⁷ Higher values in the *Programmatic Linkages* variable indicate parties with predominantly programmatic connections between parties and voters. Scores for Programmatic linkages vary from around –3 to 3.

H2e. More polarized party systems are associated with higher PSI. With greater polarization, voters might see greater differences among parties, increasing the cost of changing options between elections. This hypothesis is consistent with recent work on Latin America. Lupu (2016) argued that programmatic or ideological convergence among parties can lead to brand dilution, which, in turn, can weaken partisanship and make parties vulnerable to collapse if they perform badly in government. If his argument applies broadly to understanding party system change and stability rather than only to party collapse, greater polarization should be associated with greater stability. Roberts (2014) argued that party systems were more stable after the neoliberal period if erstwhile left-of-center parties during the neoliberal period did not renounce their pasts by governing to the right of center. Because left-of-center parties migrating to the right would have led to reduced party system polarization, if Roberts’s argument for the post-neoliberal era was applied broadly (rather than being limited to the post-neoliberal period), we would expect less polarization to be associated with greater system upheaval. We measured polarization following Singer’s formula,⁸ using the electoral results and ideological scores of parties in the first election of every electoral period. Values range from approximately 0.1 to 8.3, with higher values corresponding to more polarization.

H3. Poor government performance is associated with lower institutionalization. Many works have found that party systems are more likely to institutionalize when governments perform well. Bad government performance could increase politicians’ willingness to abandon the governing parties and to create new parties. Poor performance might also weaken voters’ support for the governing party or coalition, consistent with theories of retrospective voting.

H3a. High positive and negative rates of GDP growth are associated with less institutionalization. Some studies have found that lower rates of economic growth or high inflation are associated with higher electoral volatility – and,

⁷ The question is: “Among the major parties, what is the main or most common form of linkage to their constituents?” Clarification: A party-constituent linkage refers to the sort of ‘good’ that the party offers in exchange for political support and participation in party activities. Responses: 0: Clientelistic. Constituents are rewarded with goods, cash, and/or jobs. 1: Mixed clientelistic and local collective. 2: Local collective. Constituents are rewarded with local collective goods, e.g., wells, toilets, markets, roads, bridges, and local development. 3: Mixed local collective and policy/programmatic. 4: Policy/programmatic. Constituents respond to a party’s positions on national policies, general party programs, and visions for society” (Coppedge *et al.* 2016b: 126).

⁸ We thank Yen-Pin Su for sharing the data.

we expect, by extension to lower PSI (Remmer 1991, 1993; Roberts and Wibbels 1999).⁹ We do not expect a direct relationship between poor economic performance and an increase in within-system volatility. Positive growth can increase instability by causing large shifts toward the governing coalition. Assume a simple two-party system consisting of governing party A and opposition party B. In its first term in office, A presides over a per capita GDP growth rate of 3%, generating high public approval and producing a vote shift of 10% in its favor in the next election. In its second term, per capita GDP declines by 3% per year, producing a vote shift of 10% against it in the subsequent election. Both good and very bad growth rates (+3% versus -3%) produce the same volatility. Diametrically opposed growth rates lead to the same prediction: greater instability.

H3b. Long-term economic growth increases institutionalization. We expect that sluggish growth over an extended time will lead to dissatisfaction with existing parties and open the doors to new contenders. Political outsiders and new parties might be more able to capitalize on public dissatisfaction. Conversely, good government performance could deter the creation of new parties.

We measure economic performance with short-term and medium-term per capita GDP growth. The short-term variable, *Growth 1 year*, records the rate of GDP per capita growth in the year prior to the second election of an electoral period. To test for the non-linear association described above, we replace the linear term by the absolute value of GDP Growth (*Growth 1 year (Absolute)*). The medium-term variable for per capita growth is calculated for periods of up to ten years, *GDP Growth (10 years)* – starting 11 years before the second election of an electoral period and finishing the year before the second election of an electoral period.¹⁰

H3c. Higher inflation is associated with lower institutionalization. This hypothesis again follows the logic that bad government performance is associated with lower PSI. We measure inflation with the logged rate of inflation in each country prior to the second election of an electoral period.¹¹ The source of data on inflation and growth is The Maddison Project (2013) for 1953–2010 and IMF data for the subsequent years (IMF 2012).

⁹ In Roberts and Wibbels's analysis, this was true in lower chamber elections, but not presidential elections.

¹⁰ The only exceptions for this rule are for the few observations of elections between 1945 and 1955. In these cases, the averages are over the number of years between 1945 and the year previous to the second election in an electoral period.

¹¹ It is not possible to calculate a log from a negative value. To minimize the number of missing observations, we assumed that inflation below 1% per year including deflation has an impact on electoral volatility that is indistinguishable from that of an inflation rate of 1%. We recorded all such cases as having a logged inflation of 0.

H3d. High corruption is associated with lower PSI. Other forms of poor government performance could also affect PSI. Seawright (2012) argued that corruption scandals can destabilize party systems, and Pavão (2015) argued that corruption generates political disaffection, which could lead to greater volatility in party systems. We expect that voters are more likely to punish incumbents in contexts of more government corruption and to support new parties entering the system when corruption is rampant. Indicators of PSI, therefore, should be inversely associated with indicators of corruption.

We measure perception of corruption using two variables in the V-Dem project (Coppedge *et al.* 2016a). For legislative electoral periods, we use *Legislative Corruption*, measured in the year immediately before the second election for an electoral period. For presidential elections, we use V-Dem's *Executive Corruption* index, again measured in the year before the second election of an electoral period.¹² V-Dem indicators of corruption are more accurate and reliable than alternative measures and cover a much larger sample of country-years (McMann *et al.* 2016).

H3e. Greater state capacity is associated with higher PSI. Governments are more likely to succeed in policy implementation when state capacity is greater. State capacity is difficult to operationalize, but we follow a measure proposed by Soifer (2015), namely, the percentage of children between two and twenty-three months who were vaccinated against measles.

H4. An early history of democracy and longer-lasting democracy favor higher PSI.

H4a. An early and deeper history of democracy favors greater party system stability. Parties in long-established democracies developed strong organizations with deep connections to voters and organized interests, whereas most third and fourth wave democracies lack strong parties. Past democratic periods could have allowed for the development of many facilitators of PSI that come back to life once redemocratization happens. Some of those facilitators are the parties themselves, more robust civil societies, a population more used to voting and participating in representative democracy, or more responsive state institutions. The Uruguayan experience illustrates this argument: many organizations – including the parties – emerging during the process of redemocratization were built upon pre-existing networks and loyalties, most dating back from the democratic period that preceded the dictatorship of 1973–84. In light of these experiences, we could expect that where those organizations had more time and freedom to develop, they

¹² *Executive Corruption* is an index that ranges from 0 to 1, where 0 means less corrupt and 1 means more corrupt. In the original V-Dem dataset, *Legislative Corruption* varies from around -3 to 3, with lower values indicating more corruption. In order to facilitate comparisons, we multiply the values for the *Legislative Corruption* indicator by -1, so both vary in the same direction (from less to more corrupt).

facilitate PSI once redemocratization happens. Consequently, we expect that countries with a democratic past would be more likely to see greater levels of PSI contemporaneously.

We measure past experience with democracy in two ways. First, we count the number of years that countries were democratic or semi-democratic (i.e., scored at least 2 on the Polity IV scale) from 1900 until the beginning of their current electoral regime and divide by the total number of years from 1900 to the beginning of the current electoral regime. This measure emphasizes time under democracy (Prior Democracy). Alternatively, one could argue that it is not as much the time spent under democracy but the degree to which countries were democratic that allows for the development of the features that correlate to higher contemporaneous levels of PSI. Following Gerring *et al.* (2012), we measure the “stock” of previous democracy countries have. We sum the values of Polity IV scores for all years between 1900 and the year prior to the start of the current electoral regime (with an early depreciation rate of 1%). Higher values indicate countries with previous democratic experiences that were intense and long. Intermediate values indicate either short-term very democratic experiences or long-term semi-democratic histories. Low values indicate countries where authoritarianism prevailed.

H4b. Party system stability increases over time as a democracy ages. Converse (1969) argued that it takes time for voters to understand what different parties represent and therefore to identify with a party. In the early stages of a democracy, he expected a large number of floating voters who have not yet identified with a party. In turn, a large number of floating voters should generate considerable electoral volatility (Dalton and Weldon 2007). Over time, more citizens should identify with a party, leading to greater aggregate stability. Likewise, political elites might over time become more committed to party building, leading to tighter connections between voters and parties and greater PSI.¹³

Age of democracy is the number of years since the inauguration of the current “electoral regime.” The expectation of a log-linear relationship between this variable and the outcomes of interest justifies the usage of the logged version of this variable.

H5a and H5b focus on the impact of societal features on PSI. Some societal features might make it more likely that voters will establish strong connections

¹³ With cross-regional samples, however, Mainwaring and Torcal (2006), Mainwaring and Zoco (2007), and Mainwaring *et al.* (2016) argued against this hypothesis, showing that electoral volatility did not decrease over time if *Birthyear of Democracy* was also in the equation. Nevertheless, the hypothesis that stabilization occurs over time might hold for our Latin American sample. Tavits (2008) found that the vote share of new parties first decreased and then increased.

to parties, leading to more institutionalized systems. For this reason, we add two control variables.

H5a. A higher level of development is associated with greater party system stability. Wealthier countries might have more stable party systems for a variety of reasons. We treat this possibility as a control variable. Per capita GDP proxies this variable. Data come from the Maddison Project (2013) (logged).

H5b. Greater ethnic fractionalization is associated with lower party system institutionalization. Madrid (2005) argued that Latin American party systems with greater indigenous populations were beset by greater volatility because parties never established connections with the indigenous peoples, disposing them to shift support to new parties once parties that actively courted indigenous votes emerged. Arguments about ethnicity have also figured in some accounts of African party systems. We test arguments about the impact of ethnicity using a common measure of *Ethnic Fractionalization*.

The coverage of data for some variables is limited. Their overlap is even more restricted, which would make jointly testing for associations of each of these variables almost impossible; with list-wise deletion, we would end up with too few observations for statistical analysis. To circumvent this problem, we used multiple imputation to estimate values for the missing observations in the independent variables using the Amelia II software (Blackwell *et al.* 2015), estimating values for all electoral periods described above.

ESTIMATION AND RESULTS

To test for the relationship between PSI and its hypothesized covariates we use a Generalized Estimation Equations model with an AR-1 correlation structure, which is appropriate for contexts in which the dependent variable may not be independent over time from its previous values. We clustered standard errors by country. Overall, this makes for a very demanding estimation setting; it is difficult to obtain statistically significant results, and statistically significant results are probably not spurious. Given that we use ten multiply imputed datasets to overcome problems of missing data, regression results shown below are coefficients that aggregate over all datasets using the rules described by Rubin (1975).

Robustness tests (Online Appendix 4.2) use random effects with standard errors clustered by countries. These estimation strategies are in line with previous analyses of similar data (Mainwaring *et al.* 2016; Weghorst and Bernhard 2014). Results for these robustness checks mimic the conclusions of the GEE models.

Table 4.2 reports results that test most of the hypotheses listed above. We concentrate on a model that tests the hypotheses that we consider theoretically most relevant, and report results testing the other hypotheses in the Online Appendix. Below, we include all variables listed under H1, H2, and H5. From

TABLE 4.2 *Benchmark Regression Results*

	Legislative			Presidential		
	1	2	3	4	5	6
District magnitude	0.09 (1.65)	1.53 (0.94)	-1.39 (2.21)			
Runoff				0.27 (3.31)	-0.40 (4.16)	2.97 (6.08)
Concurrent	3.80 (2.49)	3.12 (2.12)	-5.24 (3.34)	-8.06 (5.88)	-9.63 (7.55)	9.61 (6.53)
Buy TV	-4.89 (5.35)	-4.26 (3.53)	16.86+ (8.88)	-4.53 (4.53)	-10.63+ (5.44)	-1.36 (6.10)
Independents can run	-0.32 (3.53)	-1.03 (2.11)	5.90+ (3.06)	-1.70 (3.01)	-9.13** (3.44)	2.58 (4.30)
NSPR	-6.64 (5.96)	-0.65 (3.83)	-7.02 (9.79)	-13.56+ (7.79)	-17.18* (6.77)	5.99 (10.40)
Public funding	-7.86 (10.13)	-11.39 (7.29)	-23.52 (14.26)	-19.89* (9.71)	-28.44* (11.35)	16.48 (18.30)
EN parties (log)	3.44 (4.81)	1.40 (2.30)	-12.08* (4.68)	25.21*** (5.34)	8.32 (5.32)	-41.05*** (7.02)
Party ID	0.90 (8.19)	0.59 (6.54)	-4.49 (12.45)	8.45 (11.32)	-10.96 (10.47)	-14.08 (16.44)

Party organizations	-5.90** (2.13)	-3.07** (1.18)	12.80*** (2.41)	-10.22** (3.41)	-3.01 (2.63)	17.01*** (4.08)
Programmatic linkages	2.10 (1.55)	0.20 (0.98)	-3.68 (2.21)	5.12* (2.14)	1.51 (2.64)	-8.77* (3.80)
Polarization	-0.49 (0.95)	-1.10 (0.98)	-0.81 (1.55)	-1.61 (1.18)	-0.94 (1.13)	0.09 (1.23)
GDP growth 1 year (absolute)	0.65** (0.25)	0.23 (0.23)	-0.65 (0.66)	1.23*** (0.37)	0.35 (0.73)	-2.13** (0.77)
GDP growth 10 years	-1.25 (0.82)	-0.57 (0.51)	0.75 (1.01)	-0.59 (0.78)	-0.96 (1.09)	0.30 (1.12)
Corruption	2.22 (1.58)	-0.28 (0.80)	-3.96* (1.62)	12.16 (7.67)	16.84* (7.50)	-24.72* (11.01)
State capacity	14.76 (9.18)	-0.84 (5.18)	-24.25+ (13.66)	22.64+ (11.46)	14.47 (14.13)	-20.92+ (11.69)
Prior democracy	4.87 (6.87)	-4.11 (4.00)	3.25 (8.68)	-0.37 (6.20)	5.15 (6.04)	-1.04 (7.60)
Age of democracy	0.59 (2.00)	2.52+ (1.46)	3.82 (2.82)	1.87 (1.43)	1.99 (1.96)	-5.29 (3.46)
GDP per capita	0.71 (3.75)	1.99 (1.89)	-0.96 (4.19)	0.31 (2.12)	0.57 (2.93)	-1.65 (3.19)

TABLE 4.2 (continued)

	Legislative			Presidential		
	1	2	3	4	5	6
Ethnic fractionalization	26.36**	1.14	-25.65*	14.12	17.09*	-10.01
	(8.81)	(3.24)	(12.50)	(9.13)	(7.85)	(10.61)

Notes: + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Estimator: GEE. Robust standard errors in parentheses. Models 1 and 4; Volatility is the dependent variable (DV). Models 2 and 5: The Vote share of new parties is the DV. Models 3 and 6: The Stability of the main parties is the DV. For Legislative elections: Observations = 157, Countries = 18. For Presidential elections: Observations = 133, Countries = 18.

H₃, we report results for the absolute measure of GDP Growth in the year prior to the election, the measure of long-term GDP growth (average over a ten year period), corruption, and state capacity measured with immunization records.

Online Appendices 4.3 to 4.8 report alternative specifications using the GEE estimator. The first and third model in each table replace our absolute measure of economic growth by the linear measure and inflation, respectively. The model in the fourth column replaces the measure of state capacity we used in the benchmark model (Immunization), by the second measure of state capacity we analyzed (Schooling). Finally, the fifth column replaces the Prior democracy indicator by the Stock of previous democracy indicator mentioned above.

Using a large number of covariates can sometimes suppress the coefficients of some of them, thus potentially obscuring statistically significant results. In order to confirm the findings, Online Appendices 4.9 and 4.10 report the coefficients for the bivariate regression of the dependent variables for each independent variable listed above. The main conclusions derived from the model reported below are supported by the analysis of bivariate associations.

Many hypotheses that were well grounded in previous work did not pan out. Moreover, a few covariates were statistically significant in the “wrong” direction. These results suggest more randomness in patterns of PSI and erosion than we expected, along the lines of what Powell and Tucker (2014) reported for electoral volatility in the post-communist countries.

Excellent work on related subjects (Lupu 2016; Morgan 2011; Riedl 2014; Roberts 2014; Seawright 2012; Tanaka 1998) provided reasonably parsimonious theoretical accounts about the causes of change in Latin American party systems. Our results do not mesh well with any of these accounts. To be clear, we did not directly test any of these theories, nor do any of these works – except Riedl’s and perhaps Roberts’s – focus on the same dependent variable (PSI) as we do. Still, our results speak to some ideas in these theories.

Are Some Institutional Rules Associated with Greater PSI?

For lower chamber elections, the answer is no; none of fifteen coefficients for these rules was significantly different from 0 at $p < 0.05$. In presidential elections, three coefficients suggest that variations in PSI are associated with variations in the rules of the game. As hypothesized, PSI was higher on average, with less volatility and a lower vote share for new parties, where public funding was more generous and more concentrated on the main parties. A one-unit change in the measure of public funding, i.e., a comparison between the electoral period with the lowest and highest levels of public funding, was associated with a 19.9% (in absolute terms)

decrease in electoral volatility and a huge 28.4% decrease in the vote share of new parties.

Contrary to expectations, if independents could run for the presidency the predicted vote share of new parties was 9.13 percentage points lower. One plausible interpretation is that if independents can run, they might see less need to form new parties.

The result for the number of signatures required (NSPR) index is also statistically different from 0. Comparing countries with the most stringent rules for new party formation to countries with the least stringent rules shows that, on average, the former had 13.5 percentage points less volatility and 17.1 percentage points lower vote share for new parties. All these results are robust to different specifications of the GEE models and to the substitution of the GEE estimator by the OLS with random effects.

The null associations for other specific institutional rules do not necessarily mean that the rules of the game do not matter for PSI. It is impossible in the cross-national analysis to systematically test for the effects of country-specific rules. Some institutional rules, for example, the *de facto* single non-transferable vote in Colombia, the fact that lists rarely elected more than a single candidate for the national congress, and the extraordinarily high rotation among different politicians of a single seat in the national congress created powerful incentives for politicians to act as free-wheeling individuals. As Chapter 8 argues, these rules contributed to weakening the party system.

The Connection between Party System and Party Institutionalization

Consistent with expectations, results show a consistent positive association between party organizational strength and system institutionalization in both lower chamber and presidential elections. For every unit more in the strength of party organizations, volatility was 5.9% lower in lower chamber elections and 10.2% lower in presidential elections. New parties had on average 3% fewer votes (although the coefficient was statistically significant only for lower chamber elections); and the stability of main contenders was 12.8% higher in lower chamber elections and 17% higher in presidential elections – by far the largest substantive associations in our models.

These results support the conclusions of Samuels and Zucco (2015), Tavits (2013), and Van Dyck (2016) regarding the capacity of solid organizations to stabilize individual parties' vote shares and, as a result, to help institutionalize the system. Solid organizations are no panacea; AD and COPEI in Venezuela once had dense organizations. But they give parties a way of connecting to voters and building networks of activists. They can help buffer parties from the electoral effects of bad government performance, corruption scandals, and other challenges.

How Are Other Party and Party System Characteristics Associated with PSI?

One of the most puzzling results was for programmatic linkages. Contrary to the findings of Kitschelt *et al.* 2010 and Mainwaring and Torcal 2006, systems that had a perception of stronger programmatic linkages were associated with increased electoral volatility and lower stability of the main parties – though the substantive effects were modest (a one unit increase in programmatic linkages was associated with a 5.1% increase in electoral volatility and a 8.7% decrease in the stability of main contenders). In the 2000s, in cases such as Bolivia, Ecuador, and Venezuela, the new radical left developed programmatic connections, but also in the short-term profoundly disrupted the established party systems. The combination of programmatic linkages and profound disruptions of party systems in these three cases is emblematic of the broader pattern detected in the statistical analysis.¹⁴ In lower chamber elections, there was no statistically significant association between levels of PSI and programmatic competition.

Contrary to the expectations of the comparative literature (Converse 1969; Dalton and Weldon 2007) and some work on Latin America (Lupu 2016; Seawright 2012), higher aggregate levels of partisan identification were not associated, on average, with greater PSI. Coefficients were all over the place and standard errors were huge, indicating major across-country variation in the association between Party ID and indicators of PSI.

The high individual-level instability of party identification in some countries, including Brazil and Mexico, suggests one possible reason: if partisanship is not a strong and stable social identity, it will not form a reservoir of electoral support for individual parties. In that case, parties might be vulnerable to steep electoral declines, even if they have meaningful numbers of partisans. The PT's electoral setback in Brazil in 2016 supports this hypothesis, especially if confirmed by subsequent results. Another possibility is that partisanship might buffer individual parties from precipitous electoral decline, but that other parties in the system, without the benefit of many partisans, are still subject to the withering effects that batter many parties in third and fourth wave democracies. As a result, the system could still be unstable.

Consistent with many previous studies, the effective number of parties in legislative and presidential elections had a negative association with PSI: a higher effective number of parties was correlated with greater volatility and more votes for new parties, and lower stability of the main contenders. These results were particularly pronounced in presidential elections. For visualization, we plotted (Figures 4.1 and 4.2) the expected levels of each dependent variable at different (exponentiated) values of EN Parties (Log), with other variables in

¹⁴ To ensure that the measure was capturing relevant dimensions of party systems in Latin America, we regressed the indicator of ideological stability of Latin American party systems discussed in Chapter 2 on the Programmatic linkages variable (results not shown). We found a strong and positive effect, indicating that as expected parties' ideological stability is higher where linkages between voters and parties are based on programmatic grounds.

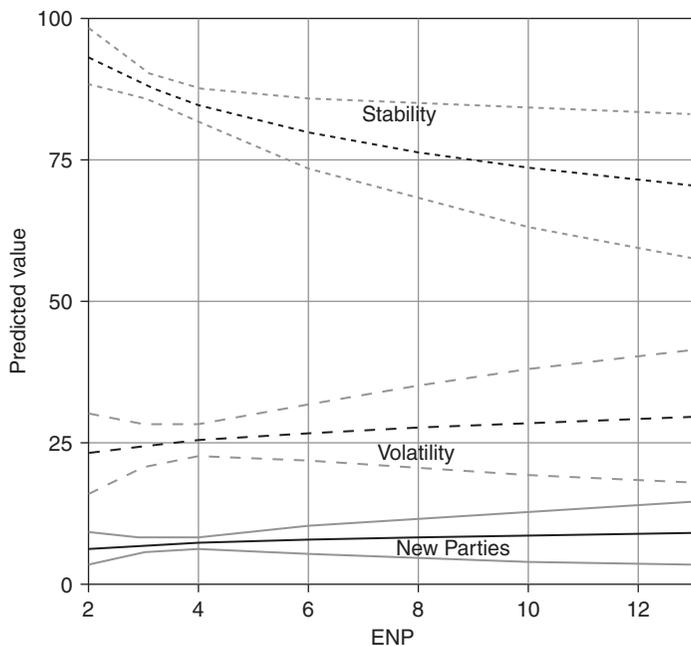


FIGURE 4.1 Predicted Value of DVs at Different Effective Number of Parties – Lower Chamber

Note: 95% confidence intervals in shaded lines.

the regression kept at their means. On average, electoral periods with three presidential parties had 10% more volatility (33%) than systems with two parties (23%) – a meaningful substantive association.

Once again against expectations, results do not show a statistically significant association between PSI and party system polarization. The works by Lupu (2016) on how brand differentiation fosters partisanship and serves as an inoculation against party collapse, by Morgan (2011) and Seawright (2012) on how gaps in programmatic representation make established parties vulnerable to collapse, and by Levitsky *et al.* (2016b) on the positive effects of sharp conflict on party building suggest that more polarized systems might anchor voters more to their parties and create greater systemic stability and predictability. The absence of statistically significant differences is robust even if we exclude some potential confounders of polarization, such as the measure of programmatic connections between parties and voters.

In sum, results show a close association between PSI and the set of parties that form the system. This is not surprising: party system characteristics such as the level of institutionalization should be highly associated with the nature and features of the parties themselves. These associations are probabilistic, not deterministic: on average parties that have stronger organizations, and party

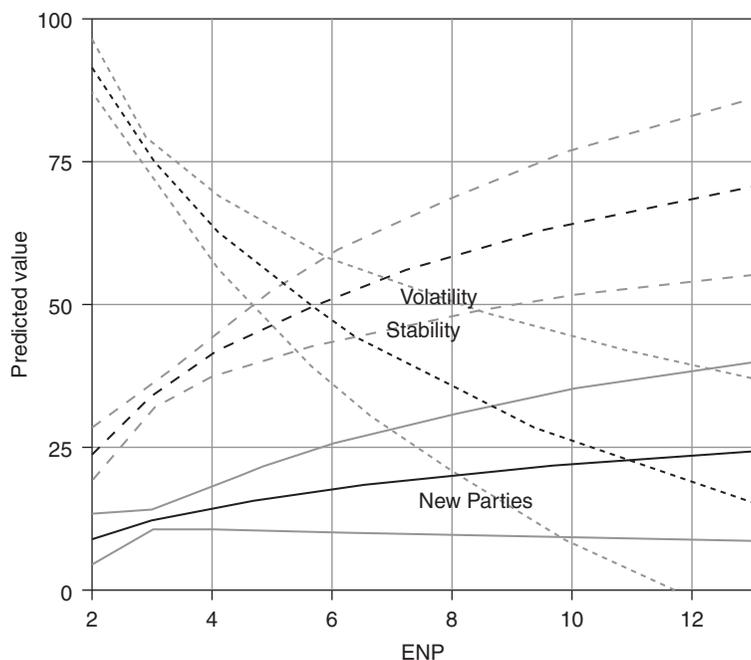


FIGURE 4.2 Predicted Value of DVs at Different Effective Number of Parties – Presidential

Note: 95% confidence intervals in shaded lines.

systems with fewer parties are more institutionalized, but that is not always the case. On average, PSI in Latin America was not greater where more party–voter linkages were more programmatic, where a larger number of voters identified with parties, and where polarization was higher. These negative findings are more surprising than the positive ones.

Is Better Government Performance and State Capacity Associated with Higher PSI?

Economic crisis has figured prominently in previous accounts of party system volatility (Roberts 2014), party system collapse (Morgan 2011; Seawright 2012; Tanaka 1998), and party collapse (Lupu 2016) in Latin America – although all of these authors had sophisticated interactive arguments. Moreover, the extensive literature on economic voting suggests that economic downturns or high inflation could disrupt party systems. In light of this previous literature, the relationship between economic crisis and PSI in Latin America has been surprisingly weak.

In both lower chamber and presidential elections, the association between per capita GDP growth and PSI is consistent with expectations, but the

coefficients are small. Coefficients never reach conventional standards of statistical significance for long-term growth (up to ten years). In presidential elections, short-term growth volatility exhibited a curvilinear relationship with indicators of PSI, predicting lower PSI when growth was either strongly positive or sharply negative. A 1% growth or decline of a country's per capita GDP between the penultimate and the last year before an election is on average associated with 0.65% (lower chamber) and 1.23% (Presidential) higher volatility. Similar effects in terms of magnitude and direction are observed for the other indicators of PSI, although only some coefficients are statistically different from 0.

In terms of economic performance, the 1980s was a terrible decade in most Latin American countries, yet there were no party system collapses and no major party collapses. The average scores in the indicators of PSI were about the same during that decade as subsequent ones, during which economic performance was better – much better in the 2000s during the commodity boom. Parties and party systems survived the deep crises of the 1980s but collapsed during the better economic times later; for example, Ecuador's traditional parties collapsed in 2006 after a period of robust growth. Lupu's (2016) interpretation is that higher levels of party identification buffered governing parties in earlier crises but that declining partisanship left these parties vulnerable. Another plausible interpretation is that citizens were willing to stick to the traditional parties for a while, but then, as economic malaise extended or returned, they punished parties (Pop-Eleches 2010). The data make clear that an economic explanation of party system upheaval is woefully inadequate; other factors contributed to the extraordinary upheaval of party systems during this time.

The results of economic performance on PSI here are weaker than those reported by Mainwaring *et al.* (2016) in a cross-regional analysis of sixty-seven countries and 618 electoral periods. In the Mainwaring *et al.* (2016) sample, each increase of 1% in the GDP growth rate was associated with 0.9% lower electoral volatility ($p < 0.01$) and 0.8% lower extra-system volatility ($p < 0.01$) in lower chamber elections compared to 0.6% ($p < 0.01$) for total volatility and 0.2% for extra-system volatility for our Latin American sample. At times, Latin American party systems endured brutal recessions and hyperinflation without massive upheaval. If they had been affected as much by bad performance as the average case in the Mainwaring *et al.* dataset, volatility would have been even higher. In sum, economic performance affected PSI during this time period, but on average, the impact was modest. The interesting question is why bad economic performance had a weak impact on PSI.

Alternatively, we tested whether inflation rates were associated with greater PSI. Results are in Tables A4.3–A4.8 in the Online Appendix and show that PSI is smaller where inflation is larger, but substantive effects are weak. This association is more often substantively different from 0 in presidential elections than in lower chamber elections.

Seawright (2012) emphasized corruption scandals as a major factor in party system breakdown in Peru and Venezuela. The regressions here show a connection between PSI and corruption – particularly between greater corruption in the executive and lower institutionalization of presidential party systems. On average, presidential electoral periods that had greater levels of executive corruption also had a higher vote share of new parties and less stability in the main contenders (consistent with Seawright). A one-unit increase in executive corruption is associated with an average increase of 16.8% in the vote share of new parties and a drop of 24.7% in the stability of main contenders. However, a one-unit change in executive corruption is a comparison between the least corrupt (a value of 0) and the most corrupt country in the world (a value of 1). Although there are a few instances in which Latin American electoral periods assumed values close to those extremes (Chile has values close to 0, while Venezuela has values around 0.9 in recent years), most of the cases are around the center of the scale, implying that differences in terms of how corruption and PSI are associated are moderate. Legislative corruption was associated with PSI in legislative elections to a lesser degree, with coefficients pointing in the right direction when tested against volatility and the stability of the main parties, with just the latter being statistically different from 0.

Surprisingly, the regressions show that PSI tends to be lower in electoral periods with a higher score for state capacity, but the substantive association is weak. Results in Table 4.2 above measured state capacity as the percentage of children between two and twenty-three months who were vaccinated against measles. In a comparison between a country where no children are vaccinated versus a country where 100% of children are vaccinated (variable scaled 0 to 1), the latter tend to have higher electoral volatility, new parties perform better, and stability is lower. The associations are weaker because during the time of our sample, Latin America was highly urbanized and a basic education had been universalized in many of the countries. The mean for the sample is that 80% of the children were in school, with a standard deviation of 17%, implying that a standard deviation difference in state capacity between two countries is associated with 3.8% more volatility in presidential elections in the country with more state capacity.

This is a counterintuitive result because countries with the greatest state capacity in Latin America have institutionalized party systems (Chile, and Uruguay, for example). However, this result in Tables A4.1 and A4.2 in the Online Appendix holds in bivariate tests. Results are similar (and more often statistically different from 0) in the tables in the appendix that replace state capacity (immunization) with state capacity (schooling).

In sum, although better government performance tends to be associated with PSI, average differences in levels of institutionalization in countries with better and worse performance tend to be small. This raises doubts about theoretical accounts that focus on economic performance as a major driver of party system change in Latin America.

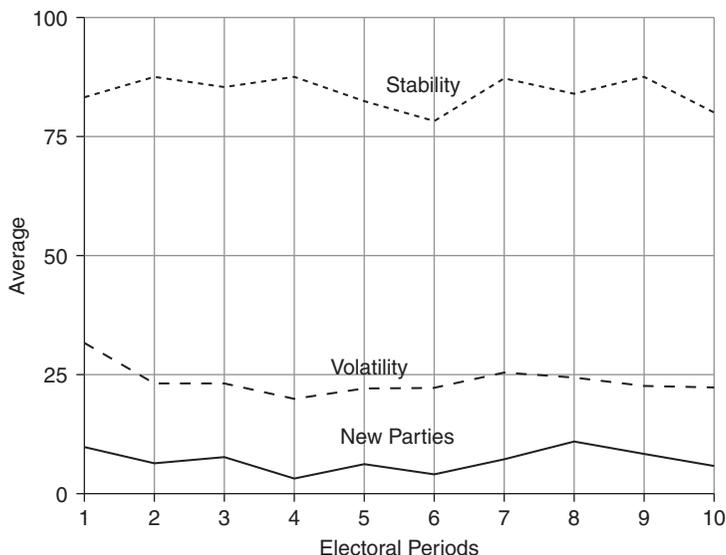


FIGURE 4.3 Evolution of PSI Indicators over Electoral Periods – Lower Chamber Elections

Note: Number of electoral periods since the establishment of democracy or semi-democracy.

Has Party System Institutionalization Increased as Democracies Aged in Latin America?

Figures 4.3 and 4.4 provide convincing evidence against this hypothesis. We plotted regional averages for each indicator of PSI in lower chamber and presidential elections. Despite important within-country variations, there has been no clear trend toward greater institutionalization over time in the region. This is not a new finding: Roberts and Wibbels (1999) motivated their contribution by stating that electoral volatility in Latin America did not fall as expected during the 1990s.

Regression results confirm this conclusion. No matter how we measure the passage of time (number of electoral periods, number of years since democratic transition, and number of years since democratic transition logged), there was no tendency toward increasing PSI over time. Coefficients in Table 4.2 are usually in the opposite direction from the one hypothesized, but standard errors are large, usually larger than the coefficients themselves. On average, countries had similar levels of PSI no matter how many elections/years they experienced. These results reproduce the findings of Mainwaring and Torcal (2006), Mainwaring and Zoco (2007) and Mainwaring *et al.* (2016) who, with cross-regional samples, showed that electoral volatility

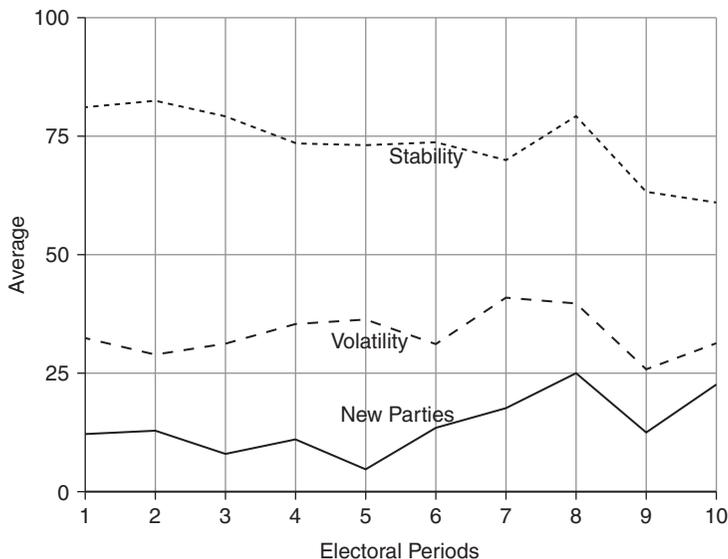


FIGURE 4.4 Evolution of PSI Indicators over Electoral Periods – Presidential Elections
 Note: Number of electoral periods since the establishment of democracy or semi-democracy.

did not decrease over time. On average, the forces that have led to party system erosion have been as strong as those that have favored institutionalization.

The results underscore a major democratic paradox in the third wave of democratization in Latin America: party systems remain important for facilitating important democratic processes and outcomes, but the path to institutionalization is tenuous and is not secure even once it is seemingly achieved. In the last decade, some of the most discernible movement toward institutionalization has occurred under regimes that are increasingly autocratic. Enduring party weakness is among the factors that have hampered Latin America’s democratization in the third wave.

Does an Early History of Democracy Favor Greater Party System Stability?

Some scholars argued that early democracies were more favorable to the development of strong parties (Gunther 2005; Mainwaring and Zoco 2007; Mainwaring *et al.* 2016; Schmitter 2001). Along related lines, Roberts and Wibbels (1999) showed that volatility was lower in Latin American democracies with parties that were established earlier. Our results are not consistent with these previous arguments.

There are multiple ways to model the effects of the democratic past. One approach is to concentrate on early elections. If past democratic experiences

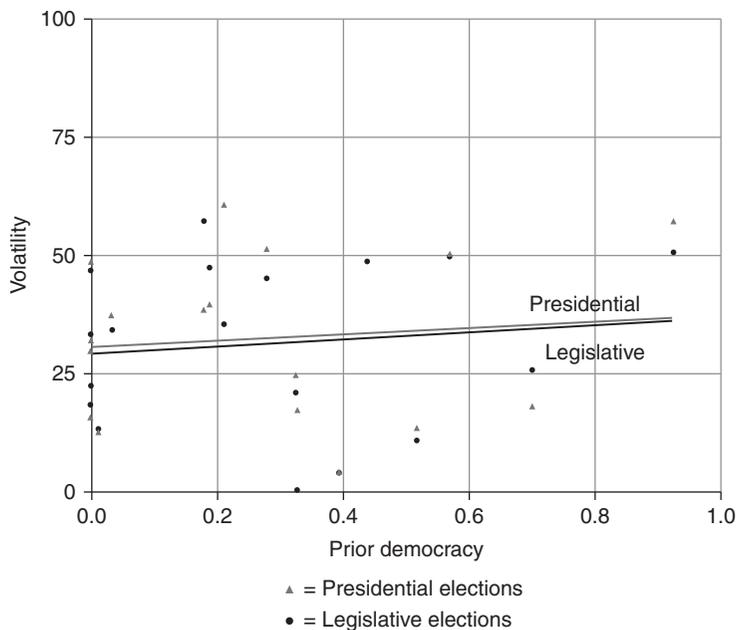


FIGURE 4.5 Electoral Volatility in the First Electoral Period by % of Previous Years under Democracy

facilitate the emergence of institutionalized party systems once democracy returns, countries with more democratic pasts should have greater PSI after their first electoral period. This is not the case. The data in Figure 4.5 show no clear association between previous democratic experience and volatility measured in the first electoral period for the new electoral regime. Similar results derive from the evaluation of the relationship between the “stock” of past democracy and PSI in the first electoral period (not shown). Although the lines that summarize the linear association are slightly tilted upward, statistical estimation of confidence intervals suggests that the association is not significantly different from 0.

Alternatively, the effects of a democratic past might not be time specific, but resonate over the whole contemporaneous experience with democracy. Realizing how hard it has been to institutionalize party systems in the region, we could hypothesize that the contemporaneous effects of past democracy consist of moving levels of PSI up or down on average for all elections. Modeling the linear association between past democratic experiences and PSI over the whole time series of data tests this hypothesis. Again, results show no significant association as seen in Table 4.2. Coefficients are small and standard errors are large, indicating that there is major variation in the observations. These null findings are robust to different specifications of the benchmark model and to the replacement of the *Age of democracy* variable by the stock measure of democracy (see tables in the Online Appendix).

In sum, longer and more democratic previous regimes are not associated with higher levels of PSI in contemporary Latin America. During the third wave, countries with long histories of democracy were no more likely to have an institutionalized party system than countries that had almost no democratic experience prior to the third wave.

The consistent finding here that *Prior Democracy* had no association with PSI runs counter to the finding in Mainwaring and Zoco (2007) and Mainwaring *et al.* (2016) that early democracy was favorable to institutionalized party systems. The earlier findings were based on broader cross-national samples and for somewhat different time periods (beginning as early as 1945 and ending in 2006). The difference in results suggests the possibility that an important general finding has not held for Latin America, and it raises the question of why this is the case.

One speculation about this result: the quarter century analyzed in this volume was one of such painful transitions in Latin America that some “normal” average tendencies (such as the general tendency of a long democratic tradition being favorable to PSI) were wiped out. Many of the scores on the dependent and independent variables in our analyses were extraordinary outliers. Many Latin American countries in the third wave experienced profound change in the membership of the party system and exceptionally high electoral volatility. Most experienced hyperinflation and long periods of economic retrenchment. It is not surprising that regression results that include the advanced industrial democracies as a basis for a majority of the electoral periods do not consistently mesh with Latin American results during a highly turbulent era.

The most exceptional outliers relative to the finding in Mainwaring and Zoco (2007) and Mainwaring *et al.* (2016), i.e., the countries with long democratic traditions that experienced massive party system dislocations from 1990 to 2015, are Venezuela and Colombia. From 1978 to 2003, Venezuela had one of the worst rates of economic growth in the world, and its growth performance was almost uniquely bad – excluding countries that experienced civil war. In much of the 1990s, Colombia had the highest homicide rate in Latin America and one of the highest in the world, a massive problem of kidnapping, and the world’s largest population of displaced people. The crises in both countries were severe, and they lasted for decades. For an extended time, voters turned to the establishment parties for solutions, but eventually large numbers defected. It is not surprising that extraordinary crises of such magnitudes and durations helped shatter the positive institution-building consequences one would expect from protracted experiences with democracy.

Do Levels of Development or Ethnic Fractionalization Correlate with PSI?

Finally, we tested whether levels of development or ethnic fractionalization were associated with PSI. While we did not find support for the first argument in any specification of our model, there was a robust association between ethnic fractionalization and the indicators of PSI. Those findings were robust to the

different specifications of the model and to the replacement of the GEE estimator by the random effects estimator. However, the effects are small: a standard deviation difference between two countries in ethnic fractionalization (0.17, similar to the difference between Venezuela and Peru) tends to be associated with 4.48 percentage points more volatility and 4.3 percentage points less stability of the main parties in lower chamber elections, and 2.9 percentage points more votes for new parties. Results for the other dependent variables are not statistically significant.

CONCLUSIONS

This analysis has several limitations. We have largely avoided causal claims based on the results. The results are correlational, and limits to causal inference remain even after this cautionary note is included. We employed a demanding estimation strategy – estimating clustered standard errors and AR1 correlations costs many degrees of freedom – which limits how much we can say with these models.

Caution is also in order due to potential endogeneity problems. For example, given that institutional arrangements are endogenous to political systems, some of the rules of the game here described as potentially increasing PSI could be caused by them. The literature on the cartelization of party systems in Europe (Katz and Mair 1995) suggests that this is indeed the case: strong parties may manipulate rules and increase the availability of public resources to reinforce their dominant position. Positive associations might derive not from the fact that certain rules help party systems to institutionalize but rather because institutionalized party systems are more likely to put those regulations in place.¹⁵ The measures of the rules are always temporally antecedent to the six indicators used as dependent variables in this chapter, which diminishes but does not resolve the problem of endogeneity. Likewise, in principle, solid party organizations could help party systems to institutionalize, but the reverse is also true: a stable and predictable institutional environment creates more incentives for politicians to develop the longer time horizons that are conducive to investing in party building.

Our ability to test for complex interactions was limited, in part because of statistical limits stemming from degrees of freedom. Yet the processes that promote PSI or erosion probably involve complex interactions. The major works on related issues in Latin American party systems (e.g., party system collapse, party collapse, profound party system change) all invoke interactions (Lupu 2016; Morgan 2011; Roberts 2014; Seawright 2012; Tanaka 1998).

¹⁵ For Latin America in this period, this particular endogeneity problem is not too worrisome because the results were mostly not significant.

Finally, the quantitative testing is based on electoral periods as the unit of analysis,¹⁶ but our abiding theoretical interest is explaining country outcomes. Still, results based on electoral periods reveal useful information about the factors associated with PSI and erosion.

The results in this chapter suggest two critical questions for future research. Why do so many results defy expectations and results from previous work based on different sets of countries and time periods? For example, why was earlier history of democracy not an asset to PSI during most episodes of democratization, contrary to the findings of Mainwaring and Zoco (2007) and Mainwaring *et al.* (2016) for broader sets of countries? Second, given the large number of null and weak findings, are we missing some explanations and variables that are important for understanding PSI in contemporary Latin America?

Despite these limitations, we can draw some conclusions. First and foremost, PSI does not occur randomly. It is associated with the survival of organizationally strong parties that anchor the system and stabilize patterns of electoral competition. Although in principle patterns of interaction could stabilize without strong parties, party systems tend to be more institutionalized where parties are organizationally stronger.

On average, party systems were more institutionalized when parties were more organized, when governments enjoyed better economic performance, when formal rules of the game made it more difficult for new parties to enter, and where there were fewer parties.

The results indicate that more theorizing about the causes of PSI is needed. While all hypotheses build on well-established theoretical approaches to understanding party system change and stability, only a few found empirical support in contemporary Latin America. Either the routes to institutionalization and erosion in Latin America are more idiosyncratic than expected based on existing theories, or else we have not been able to capture them with the approach here.

One important factor that has been under-theorized in work on party system change and stability is the impact presidents can have in shaping and reconfiguring party systems. Because they are elected independently, have great power in most democracies, and are not subject to removal by legislatures except in cases of impeachment or other extraordinary circumstances, presidents typically have more power than prime ministers over parties.¹⁷ In contexts of crisis-ridden democracies, they can sometimes dramatically and purposefully weaken parties, seeing them as obstacles to their routes to delegative democracy (O'Donnell 1994) or to competitive authoritarianism. Social science correctly prioritizes systematic explanation, but we should not overlook the profound

¹⁶ Some of the covariates (for example, prior history of democracy) are based on long sweeps of time, so the analysis is not limited to short-term effects.

¹⁷ A major work on this issue is Samuels and Shugart (2010).

impact some presidents have had in effecting deep change in party systems. In Venezuela, Hugo Chávez purposefully overthrew Venezuela's old parties. They had eroded considerably from their heyday of the 1960s through the 1980s, but they did not collapse in 1998 when he was first elected. Their collapse occurred later, after they had been subjected to several electoral cycles of machinations. The presidents of Bolivia (Evo Morales, 2006–present), Ecuador (Rafael Correa, 2007–present), and Honduras (Manuel Zelaya, 2005–09) attempted to follow Chávez's path. Morales and Correa encouraged and presided over the collapse of the party systems in their countries, thus accounting for, along with Chávez, three of the four cases of party system collapse in contemporary Latin America (Peru in the 1990s is the other). The coup that ousted Zelaya, whom the Honduran military, court system, and political elite feared was trying to follow in the path of Chávez, Morales, and Correa, led to the destabilization of what had been the region's most institutionalized party system. In the period after Chávez assumed power, these four countries have been responsible for some of the most dramatic changes in party systems in world democratic history.

Associations between some factors and PSI have been robust within some regions, while they disappear when the sample changes. If regional boundaries provide scope conditions for some of the theories advanced in the literature, those scope conditions have not yet been fully articulated and deserve close examination. We agree with Crabtree and Golder (2016), who called for further investment in theoretical development in this area.

The case studies that follow offer insights about why the party systems in Latin America's seven biggest countries followed their unique trajectories. They are essential complements to this chapter, just as this chapter is an essential complement to the case studies.