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Federalism and Party System Fragmentation: On the Unintended Consequences of Increasing Decentralization.

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Abstract

Comparative research on the fragmentation of party systems has concentrated on institutional explanations with a focus on electoral systems, and representation thresholds on the one hand, and cultural explanations focusing on the role of a ethnic diversity of a state's citizenry on the other hand. In this paper we argue that state structure plays an important role in predicting the effective number of parties in a given political system. Building on Panebianco's insight that parties can transfer resources between distinct political arenas, we hypothesize that the more resources and spoils of office political parties can access at lower levels of government, the greater the number of politically viable parties will be. We test our theoretical argument based on a time-series-cross-sectional design using the Regional Authority Index (RAI) to predict the effective number of political parties across 37 countries and 65 years. In line with our theoretical expectations we find that the degree of decentralization predicts the number of political parties both across states and over time: Even after controlling for the proportionality of the electoral system and the presence of electoral thresholds, highly federalized states have a much larger number of effective parties. This j-curved relationship is not a function of the ethnic and language diversity of a state. Our results point to an important, understudied variable, adding to the explanation of party system fragmentation, and suggests that the correlation between decentralization and political fragmentation may not be a coincidence.

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