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Economic crises and the nationalisation of politics

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Abstract. The literature on party system nationalisation has yet to provide a better understanding of the impact of short-term factors upon the nationalisation of politics. This article helps to fill this literature gap by analysing the effect of economic conditions on party system nationalisation. The argument is that economic crises will decrease levels of nationalisation by amplifying territorial variation in preferences for redistribution, limiting political parties' capacity to coordinate divergent interests across districts and triggering the emergence of new political forces. Data on 47 countries for the 1960–2011 period confirm this hypothesis and show that lower economic growth during the years prior to the election is associated with a decrease in levels of party system nationalisation in the next election. The result is robust to variation in the specification of the econometric model and to the use of different measures of nationalisation. Results also show that federal institutions increase the impact of economic conditions on the nationalisation of politics, whereas any moderating effect of electoral system proportionality on the economy is not found.

Keywords: economic crises; party system nationalisation; federalism; electoral systems

Introduction

In the last 30 years, the comparative literature on party systems has travelled a long way in exploring the main components of party competition dynamics. While most of the early studies on party systems focused on the number of parties (Sartori 1976; Lijphart & Aitkin 1994; Taagepera & Shugart 1989), the degree of polarisation (Knutsen 1998; Sani & Sartori 1983) or the figure level of institutionalisation (Harmel & Svåsand 1993; Mainwaring & Scully 1995), recent advances in the area have given attention to the nationalisation of electoral politics, meaning the extent to which parties receive similar levels of electoral support throughout the country.[1] The growing literature on party system nationalisation has brought significant theoretical and empirical insights into the role of historical processes and institutions in explaining the origins of party systems and cross-country variation in the levels of nationalisation (Caramani 2004; Morgenstern et al. 2009; Harbers 2010; Lago-Peñas & Lago-Peñas 2011; Rodden & Wibbels 2011; Chhibber & Kollman 2004; Golosov 2014). Yet, some issues still call for further attention, particularly the role of short-term factors in explaining changes in levels of nationalisation.

With this article, we aim to advance studies in the area by exploring the impact of economic conditions upon static/distributional nationalisation – that is, the degree of heterogeneity of party support across electoral districts. By focusing on the role of economic crises, we attempt to provide a better understanding of the degree of resilience of the nationalisation of politics against short-term economic shocks. A large number of studies have shown that economic outcomes, measured both objectively and subjectively, are crucial to understanding the electoral fate of incumbent parties (Lewis-Beck 1990; Duch

& Stevenson 2008; Nadeau et al. 2002; Powell & Whitten 1993; Nannestad & Paldam 1994), and the financial economic crisis that broke out in 2008 has spawned various studies on its effects on political competition and party system dynamics (Kriesi 2014; Bellucci et al. 2012; Lewis-Beck & Nadeau 2012). However, this article represents a first attempt to explore its implications upon the nationalisation of politics.

Our argument is that economic crises reduce the nationalisation of the party system. We believe this happens through different mechanisms. First, the asymmetric impact of economic shocks amplifies territorial variation in preferences for redistribution. As a result, political parties lose capacity to aggregate heterogeneous preferences and to reconcile divergent social interests, which makes it less likely for them to maintain similar patterns of support across the territory. Second, recessions may result in lower levels of nationalisation through the emergence of new political forces, which we expect to have more heterogeneous electoral support across districts. Finally, we also argue that certain institutional contexts can amplify or mediate this effect. In particular, we explore the effect of federal institutions and electoral systems in moderating the relationship between economic growth and party system nationalisation.

Using data for 52 countries for the 1960–2011 period, our findings indicate that economic downturns in the three to four years prior to the election are associated with a decrease in levels of party system nationalisation of around half a standard deviation. In addition, we find a significant effect of federal institutions in moderating the negative impact of economic crises on nationalisation and no significant interactive effect of electoral rules.

The article is organised as follows. We first provide an overview of the literature and develop the main argument. We then present the data and methods, and discuss the results. In the final section we provide some conclusions and paths for future research.

Party system nationalisation and economic crises

Long-term causes driving the nationalisation of politics have been mostly explored in relation to the formation and consolidation of party systems. One of the most influential works in the area is Caramani (2004), who showed that structural trends associated with nation-building processes as well as with industrialisation made political competition more nationalised. Since the publication of Caramani's influential study, follow-up works on the role of structural factors in nationalisation have focused on institutional variables such as electoral rules, the type of executive-legislative relations (presidential versus parliamentary) or decentralisation (Chhibber & Kollman 2004; Hicken & Stoll 2011; Morgenstern et al. 2009; Hicken 2009; Leiras 2006; Simón 2013) as well as on other conditions such as economic and ethnic divisions (Selway 2011; De Miguel Moyer 2012; Cox & Knoll 2003).

The study of electoral systems has probably provided the most significant theoretical and empirical insights in explaining heterogeneity in the distribution of party votes across districts (Jones & Mainwaring 2003; Cox & Knoll 2003; Cox 1999; Brancati 2008; Harbers 2010; Golosov 2014; Carey & Shugart 1995). For instance, Morgenstern et al. (2009) show that the degree of party system nationalisation is lower in plurality systems than in proportional ones. In plurality systems there are districts that parties will lose or win anyway, so parties have incentives to target competition in swing constituencies, which may contribute to increase heterogeneity in the distribution of support across districts. Conversely, in proportional systems all votes count the same, so parties have incentives to win votes everywhere and therefore develop competition strategies in all districts (Morgenstern et al. 2009: 1327).

Another important area in the study of the causes of nationalisation comes from the analysis of decentralisation in explaining cross-country and over-time variation in party system nationalisation. The path-breaking study in this area is the work of Chhibber and Kollman (2004), who argue that elites' incentives to coordinate nationally will depend on how much at stake there is at the national level, so periods of centralisation will be followed by higher levels of party aggregation, while periods of decentralisation will bring lower levels of party nationalisation. However, there is a potential reverse causation in the argument (Brancati 2006; Lago-Peñas & Lago-Peñas 2011; Lublin 2012). Decentralisation reforms may decrease nationalisation by increasing the number of competing parties. Yet the nature of party competition that results from a more fragmented party system may in turn contribute to reinforcing decentralisation reforms, as some empirical cases in the literature suggest (e.g., Alonso 2012).[2]

Certainly, one of the difficulties in theorising about party system nationalisation is to set neat causal relations between nationalisation and its potential explanatory variables. Nationalisation can have consequences for, but also reflect, different aspects of political competition, and this may turn some causal explanations into circular arguments. For instance, low nationalisation can be associated with voters responding more to local issues (Schattschneider 1960); to legislators having career concerns oriented towards the regional political agenda and institutions (Samuels 1999); or to parties being more likely to orient their electoral messages toward specific – ethnic or national – groups (Stepan 2001). However, it is difficult to define the specific causal pathway between these variables and the degree of party system nationalisation as causality could operate in both directions.[3] As a result, any attempt to disentangle the specific causal relation between different aspects of political competition and nationalisation may render the argument circular.[4]

In summary, what a review of the literature suggests is that nationalisation is associated with specific patterns of electoral competition that have important implications for different aspects of politics.[5] This competition setting into which nationalisation is 'embedded' acts as a self-reinforcing mechanism of the particular level of nationalisation: under a strongly (weakly) nationalised party system voters, legislators and parties will be more oriented towards the 'national' (subnational) level, which may help to sustain high (low) levels of nationalisation. If nationalisation is associated with a more or less 'national-friendly' context of political competition, then few changes in levels of nationalisation might be expected. This speaks to the issue of nationalisation dynamics and its driving forces – a topic that lags theoretically and empirically behind in the burgeoning literature on party system nationalisation. As previous works have mostly focused on the impact of long-term factors in the formation and consolidation of party systems, the literature gap is most noticeable in the analysis of short-term factors in accounting for the dynamics of nationalisation. In this article, we aim to fill this theoretical and empirical gap by exploring the effect of economic crises in the nationalisation of electoral competition.

The argument

Economic crises may reduce the nationalisation of the party system through two mechanisms: (1) recessions may amplify territorial variation in preferences for redistribution by making it more difficult for political parties to aggregate territorial preferences; and (2) economic crises increase the likelihood that new small and territorially based political parties enter the electoral arena. The first mechanism (economic downturns amplify territorial variation in preferences for redistribution) is grounded on two assumptions. First, countries' economies develop with certain territorial specialisation that correlates with variation in the demand for redistribution and taxes (Beramendi 2012), so individuals in relatively well-off regions will be less likely to support redistribution than those living in poorer territories (for experimental evidence on this assumption, see Fernández-Albertos et al. 2013). The second assumption is that the impact of recession on regional economic activity is asymmetric and it results in a deepening of the interregional economic gap. Regional economic disparities increase if: rich regions benefit from recession or remain unaffected, whereas poor regions are adversely hit; or poorer regions decrease more than the richer.[6] This assumption can be supported empirically. If we regress regional variation of per capita gross domestic product (GDP) in 17 Organisation for Economic Cooperation and Development (OECD) countries for the 1990–2013 period on economic growth, we find that there is a negative and significant association between the two variables (see Appendix Table 1). So when the economy experiences a downturn, regional disparities tend to increase substantially. We argue that this asymmetric impact of recession upon regional economic activity increases variation in redistributive preferences and, in turn, makes the redistributive conflict more intense.

A more heterogeneous territorial demand for redistribution hampers the capacity of political parties to fulfill their essential function – namely the aggregation of different preferences. The modern conceptualisation of representative democracy envisions elections as a peaceful competition between conflicting interests and values (Przeworski 2003; Schumpeter 1942), and political parties play an essential role in aggregating divergent interests when competing for power. But the more heterogeneous these preferences are, the more difficult it is for parties to aggregate them into a single electoral platform. With an increasing interregional gap around redistribution, parties are forced to face more policy trade-offs and the prioritisation of some policies may turn their electoral platforms into less encompassing political movements, also in its territorial dimension. Economic downturns thus make it harder for political parties to reconcile divergent economic preferences and, in turn, to maintain similar patterns of support across the territory by mobilising distinct issues in different constituencies. As a result, we expect a decline in levels of party system nationalisation.

In the second mechanism we claim that recession reduces party system nationalisation by decreasing support for incumbents, and facilitating the emergence of new parties, as voters shift their support from incumbents to alternative forces (and not just opposition forces) which are more likely to have territorialised bases of support. According to the economic voting literature, the economy matters to the electoral fate of incumbents (Duch & Stevenson 2008; Lewis-Beck 1990), particularly when the economy is performing poorly and the range of issues to which voters respond narrows down to the economy (Bellucci et al.

2012; Lewis-Beck & Nadeau 2012; Nadeau et al. 2002). Following this literature, we expect incumbent parties to be punished for the negative economic consequences of economic downturns. Although the links between size of the electoral support and party system nationalisation have been barely explored, there is some evidence showing that party decline (growth) is accompanied by lower (higher) territorial fragmentation of parties' electoral support (Jones & Mainwaring 2003). So we expect the incumbent's electoral decline to reduce party system nationalisation. In addition, the impact of economic recession may go well beyond the ousting of power of incumbent parties and challenge the whole party system if disaffected voters do not (only) turn to opposition parties but to new political forces.[7] Actually, as recent economic literature on the 2008 financial crisis shows, voters' resentment to mainstream parties and to established 'political elites' did nurture the support for new political forces (Kriesi 2014). As less consolidated or mature political forces tend to have more heterogeneous electoral support across districts (Caramani 2004), their expected electoral success under economic recession will result in lower levels of nationalisation.

Thus, our main argument is that bad economic outcomes will reduce party system nationalisation. A further question is whether institutions moderate the relationship between both variables. We explore the moderating effect of two institutions: electoral rules, and federalism. First, it has been well established in the literature that electoral rules have a significant impact in accounting for variation in levels of nationalisation, showing that single-member district (SMD) plurality systems exhibit lower levels of nationalisation relative to proportional ones (Caramani 2004; Ishiyama & Kennedy 2001; Bochsler 2010b; Morgenstern et al. 2009). However, the theorisation of how electoral rules may *moderate* the impact of recessions upon nationalisation does not yield conclusive predictions. On the one hand, as stated above, recessions may make it more difficult for parties to attract different types of voters in distinct constituencies through heterogeneous electoral platforms, and these coordination problems may become more acute under SMD due to the higher number of electoral districts. On the other hand, in proportional systems, electoral rules may facilitate the emergence of new political forces, which may also contribute to decrease levels of nationalisation. In summary, both SMD and proportional systems have characteristics that may intensify the negative impact of recessions upon nationalisation so there is no way in which we can hypothesise whether some electoral rules may have a bigger moderating effect than others.

Second, as for the role of federal institutions, the literature has not yet provided conclusive empirical evidence on the relationship between decentralised forms of governance (political or fiscal) and levels of party system nationalisation (Lago-Peñas & Lago-Peñas 2011; Morgenstern et al. 2009). Yet unlike electoral rules, predictions regarding the moderating role of federalism in the relationship between economic recessions and party system nationalisation are more straightforward. The different mechanisms through which we have hypothesised a negative impact of recessions upon levels of nationalisation are more likely to develop under decentralised political structures than under centralised ones. First, the organisational bonds between national and local party leaders are looser under decentralised settings (Thorlakson 2009) so the aggregation of divergent preferences (which becomes more difficult as a result of the economic recession) becomes a more daunting task under decentralised party structures. Second, decentralisation gives way to a regionalised frame of party competition in which policy solutions vary according to specific regional conditions (Detterbeck & Jeffery 2009). Differentiated policy programmes allow party leaders to better adapt their electoral pledges to the heterogeneous demands of regional constituencies and interest groups (Alonso & Gómez 2010; Swenden & Maddens 2009). If, as a consequence of the economic crisis, preferences across districts become more divergent, the existence of regional political parties may allow for a more intense expression of these differences across the territory, and in turn, contribute to widen the distinctiveness of electoral appeals and preferences across districts.

Data, variables and method

We test the previous argument with a panel data of 52 countries. As we want to account for the effect of economic conditions on the electoral results, our unit of observation is the electoral results after an election cycle. Appendix Table 2 shows all the elections and countries contained in the sample. As can be seen, time coverage ranges from 1960 to 2011 and it is very unbalanced across countries.

Our dependent variable is the *Party System Nationalization Score (PSNS)* created by Bochsler (2010a). This measure is a transformation of the Gini coefficient on inequalities in distribution of parties' vote shares across electoral districts. We use the standardised and weighted version of this index, whose advantage is that it accounts for the size and the varying number of electoral districts within a country. As a robustness variable, we use Kasuya and Moenius' (2008) *Inflation and Dispersion Score*. This index measures the extent to which party competition in each district is different from party competition at the national aggregate level and the variation across districts of each district's contribution to national-level party system inflation. It has the opposite direction to the PSNS. Higher values of the score indicate lower levels of nationalisation. Both variables are taken from the Kollman et al. (2016) database and draw upon legislative elections.

To measure the effect of economic conditions, we use the economic growth rates found in the World Development Indicators (World Bank 2015). We use several economic growth variables, accounting for different spans of economic conditions. *Election year growth* is the GDP growth rate on the election year (when the election takes place in the first six months of a year, we take the economic growth of the previous year).[8] *Growth 2 years* is the sum of growth rates on the election year and the previous year. *Growth 3 years* aggregates the growth on the election year and the two previous years. Finally, *Growth 4 years* is the sum of growth rates of the three prior years to the election and on the election year. As a robustness check we create four similar variables using changes in *Unemployment* rates. We use the unemployment rates based on national statistics that are published in the World Development Indicators (World Bank 2015).

To have a more nuanced measurement of the impact of the economy upon the dependent variable, we divide these variables into quintiles. The first quintile represents the 20 per cent of observations with lowest levels of economic growth of the whole sample,[9] while the fifth quintile represents the 20 per cent of observations with highest levels of economic growth. We operationalise economic crises as the observations in the lowest quintile of economic growth. We do this for each of the different economic growth variables to capture nonlinear effects as well as whether the impact of economic growth upon levels of nationalisation is different between economic recessions and economic upturns. As an illustration, the mean value of the lowest quintile of the *Growth 2 years* variable is a total growth of –0.9 per cent of the GDP over the two years before the election, while the mean value of the highest quintile is a growth of 16.94 per cent. For the *Growth 3 years* variable, the mean of the lowest quintile is a growth of –0.06 per cent over the three prior years to the elections, while for the highest quintile it is 24.16 per cent. In all models, we use the third quintile as a reference category.[10]

Our analyses include several control variables. First, we include *Population*, measured in its natural logarithm. Larger countries would tend to have lower levels of nationalisation as larger populations host more diverse interests. We also control for *GDP* levels. It is expected that economic development leads to higher levels of nationalisation (Caramani 2004). We include the variable in its lagged electoral term value (GDP level in the previous election) so as not to have cofounding effects with our economic growth variable. Empirical models also control for electoral system proportionality. Morgenstern et al. (2009) find that SMD countries have lower levels of electoral nationalisation, so we introduce, as a control, the average *District magnitude*, measured in its natural logarithm. Finally, we control for *Trade* exposure, measured as the sum of exports and imports over the GDP. The rationale of this control is that trade, as economic models acknowledge, tends to have asymmetric effects within a country, making some regions more affected by it than others. The asymmetric impact of trade may result in more heterogeneous interests and, in turn, of voting behaviour across districts. We expect higher levels of party system regionalisation the higher the exposure to trade. All control variables are taken from the World Development Indicators (World Bank 2015) or Bormann and Golder (2013). Additional control variables that display time-invariant trends are included in the robustness checks.

Finally, as we are interested in the change in party system nationalisation over the electoral term, we employ fixed effects models. We include a first-order autoregressive term to account for serial correlation.[11] As a robustness check, and to avoid any concerns on non-stationarity, we run error correction models, where a lagged dependent variable is included, the dependent variable is explicitly modeled as first-difference and all independent variables are included both in their first difference and lagged values (accounting for the short-term and long-term effects of the variables).

Results

Table 1 runs the main econometric model of the article, testing the effect of economic growth on the PSNS score splitting the economic growth variables into quintiles.[12] Two results are worth noting. First, models 1.1 through 1.4 show that there is a strong and significant positive impact of economic growth on levels of party system nationalisation. However, and more specifically, the effect of GDP growth upon levels of nationalisation only operates through the lowest quintile. Put differently, results in Table 1 suggest that the impact of the economy upon PSNS is not a linear one: it only operates for economic downturns. Compared to medium levels of growth, low economic growth has a significant impact in reducing nationalisation. However, when the economy goes well, there does not seem to be any significant impact on the nationalisation of politics.

Second, it must be noted that the impact of the economy on the nationalisation of politics becomes again more intense when we measure growth over a long period of time before the election. The coefficient is not significant for the election year (model 1.1), or

Table 1. Economic growth and party system nationalisation: Time-series cross-sectional estimations with fixed effects, AR(1)

	Dependent variable: PSNS			
Variables	(1.1) Growth Election year	(1.2) Growth 2 Years	(1.3) Growth 3 Years	(1.4) Growth 4 Years
Ln district magnitude	0.023** (0.012)	0.023** (0.012)	0.023** (0.012)	0.024** (0.011)
Ln population	0.037** (0.018)	0.035** (0.018)	0.029 (0.018)	0.033* (0.018)
Trade	–0.001*** (0.000)	–0.001*** (0.000)	–0.001*** (0.000)	–0.001*** (0.000)
Lagged GDPpc	0.007 (0.031)	0.010 (0.031)	0.022 (0.032)	0.014 (0.032)
Growth 1st quintile	–0.006 (0.008)	–0.011 (0.008)	–0.019** (0.008)	–0.023*** (0.008)
Growth 2nd quintile	0.001 (0.008)	0.003 (0.007)	–0.002 (0.007)	0.003 (0.007)
Growth 4th quintile	0.006 (0.008)	0.002 (0.008)	0.006 (0.008)	0.007 (0.008)
Growth 5th quintile	–0.002 (0.009)	–0.000 (0.010)	0.000 (0.009)	–0.004 (0.011)
Observations	326	326	325	321
Number of countries	47	47	47	47

Notes: Constant not shown. Standard errors in parentheses, ***$p < 0.01$; **$p < 0.05$; *$p < 0.1$.

two years prior to the election (model 1.2). An economic downturn is only significant in models 1.3 and 1.4. This finding is consistent with the type of mechanisms we developed in the theoretical section to account for the relationship between economic recessions and party system nationalisation. Economic crises moderate the level of nationalisation of politics through mechanisms (i.e., changes in preferences for redistribution across territories or the emergence of new political parties, etc.) that are more likely to unfold in a gradual way throughout the electoral term. In terms of the magnitude of the effect, an economic crisis has an average impact on the variation in nationalisation of half a standard deviation, which is a sizable impact.[13]

In the next tables we conduct robustness checks for the dependent variable (Table 2), the main independent variable (Table 3), additional control variables (Table 4) and the statistical method (Table 5). The first robustness check consists in testing the effect of economic crises using a different dependent variable. In Table 4, the dependent variable is Kasuya and Moenius's (2008) Inflation and Dispersion Score. Note that for this variable higher values mean *lower* levels of nationalisation (so the expected sign of the coefficients change). As models 2.1 through 2.4 show, we obtain similar results as with the PSNS.[14] For the lowest quintile of economic growth, we find a positive and significant impact on the inflation index, which implies a reduction in the level of nationalisation. As in previous models, this effect is displayed only when we account for larger timespans of low growth than the election year.[15]

In the second robustness check, we measure the state of the economy with a variable that captures changes in the unemployment rate. As our hypothesis is about recession, we now predict a negative impact of economic crises upon levels of nationalisation when positive changes in unemployment take place (i.e., when levels of unemployment increase). We divide the unemployment rate again into quintiles, so each quintile captures 20 per

Table 2. Economic growth and inflation score: Time-series cross-sectional estimations with fixed effects, AR(1)

	Dependent variable: Inflation and dispersion score			
Variables	(2.1) Growth Election year	(2.2) Growth 2 Years	(2.3) Growth 3 Years	(2.4) Growth 4 Years
Ln district magnitude	–1.2838** (0.248)	–1.276*** (0.249)	–1.294*** (0.247)	–1.279*** (0.248)
Ln population	0.518 (0.358)	0.519 (0.365)	0.558 (0.365)	0.631* (0.360)
Trade	0.021*** (0.008)	0.021*** (0.008)	0.022*** (0.007)	0.022*** (0.007)
Lagged GDPpc	–0.034 (0.522)	–0.042 (0.531)	–0.112 (0.533)	–0.161 (0.529)
Growth 1st quintile	0.192 (0.167)	0.193 (0.174)	0.343** (0.168)	0.533*** (0.180)
Growth 2nd quintile	–0.028 (0.166)	–0.113 (0.162)	0.031 (0.160)	0.157 (0.161)
Growth 4th quintile	–0.062 (0.181)	–0.003 (0.175)	–0.180 (0.174)	0.033 (0.185)
Growth 5th quintile	0.335 (0.203)	0.228 (0.217)	0.270 (0.208)	0.299 (0.249)
Observations	324	324	323	319
Number of countries	48	48	48	48

Notes: Constant not shown. Standard errors in parentheses, ***$p < 0.01$; **$p < 0.05$; *$p < 0.1$.

cent of observations of the distribution of the unemployment rate. Models 3.1 through 3.4 show that despite the low number of observations, unemployment is associated with lower nationalisation scores, but only for the highest positive changes in the rate of unemployment. In model 3.3 the fourth and fifth quintiles of unemployment growth are significant, while in model 3.4 the fourth quintile is significant and the fifth close to significant. Yet data do not support a reverse effect: a decrease in the unemployment rate does not result in an increase in higher levels of nationalisation of politics. This finding supports our theoretical argument that it is economic crises more generally (and not just growth) that affects levels of PSNS.

In the third robustness check, we include further control variables to avoid any omitted variable bias. In particular, we include the level of ethnic fractionalisation,[16] the level of democracy – measured with the Polity Index – and the age of democracy – measured as the number of years that the country has continuously had a score of 8 or more in the Polity Index. The rationale is that ethnically diverse countries are expected to have lower levels of party system nationalisation (Lublin 2015) and that nationalised party systems flourish in consolidated and high-quality democracies (Golosov 2014). However, the ethnic fractionalisation and democracy variables display sluggish or time-invariant trends and therefore have not been included in the previous fixed effects models. Table 4 replicates the previous models with the *Growth 3 years (quintiles)* and *Growth 4 years (quintiles)* variables, including these three additional controls without fixed effects. We regress the models on the PSNS score, and the inflation score. The results are remarkably robust. The ethnic fractionalisation measure is significant, but the effect of the low growth variables remains significant as well as at a slightly smaller magnitude.

Finally, we test that the results are not dependent on a fixed effects time-series cross-sectional model by using an error correction model. In these models, the dependent variable

Table 3. Unemployment and party system nationalisation: Time-series cross-sectional estimations with fixed effects, AR(1)

	Dependent variable: PSNS			
Variables	(3.1) Growth Unemployment Election year	(3.2) Growth Unemployment 2 Years	(3.3) Growth Unemployment 3 Years	(3.4) Growth Unemployment 4 Years
Ln district magnitude	0.038* (0.022)	0.038* (0.022)	0.032 (0.022)	0.033 (0.023)
Ln population	0.030 (0.040)	0.029 (0.040)	0.018 (0.043)	0.014 (0.043)
Trade	–0.002*** (0.001)	–0.002*** (0.001)	–0.002*** (0.001)	–0.002*** (0.001)
Lagged GDPpc	–0.014 (0.076)	–0.014 (0.076)	–0.002 (0.078)	0.005 (0.078)
Lagged unemployment	0.000 (0.002)	0.000 (0.002)	0.001 (0.002)	0.001 (0.002)
Growth unemployment 1st quintile	–0.017 (0.019)	–0.007 (0.019)	–0.026 (0.021)	–0.011 (0.026)
Growth unemployment 2nd quintile	–0.011 (0.016)	–0.001 (0.016)	–0.015 (0.016)	–0.016 (0.019)
Growth unemployment 4th quintile	–0.027 (0.017)	–0.022 (0.016)	–0.035** (0.015)	–0.034** (0.016)
Growth unemployment 5th quintile	–0.018 (0.023)	–0.023 (0.023)	–0.039* (0.023)	–0.025 (0.025)
Observations	163	163	161	160
Number of countries	38	38	38	38

Notes: Constant not shown. Standard errors in parentheses, ***p < 0.01; **p < 0.05; *p < 0.1.

is explicitly modeled as first difference, and all independent variables are included both in their first difference and lagged values: the former accounting for the short-term effects, and the latter for the long-term effects of the variables. This way the growth variable will account for the short-term effects of the economy on party system nationalisation, while the lagged GDP values will account for the long-term effects. This allows calculating the extent to which periods of economic growth have effects beyond the next election. The results are shown in Table 5.[17] We run the analyses using both the *PSNS* and the *Inflation Score* as dependent variables. To make the tables more readable, we create a dummy variable called *Economic crisis*, which takes value 1 when the variable is in the lowest quintile and 0 otherwise.

Results show that the impact of economic growth is robust to different estimations of the econometric model. All models exhibit a significant effect of economic growth in the predicted direction (a negative effect on PSNS and a positive effect on the inflation score). In addition, the models show that the effect of the economy is just a short-term effect. The insignificant coefficients of the GDP per capita variables confirm that economic growth just has an impact on the nationalisation of the follow-up election. The effects do not

Table 4. Economic growth and party system nationalisation: Time-series cross-sectional estimations with fixed effects, AR(1)

	Dependent variable: PSNS		Dependent variable: Inflation score	
	(4.1)	(4.2)	(4.3)	(4.4)
	Growth	Growth	Growth	Growth
Variables	3 years	4 years	3 Years	4 Years
Ln district magnitude	0.006 (0.008)	0.006 (0.008)	–0.848*** (0.169)	–0.841*** (0.168)
Ln population	–0.025*** (0.009)	–0.027*** (0.009)	0.781*** (0.186)	0.819*** (0.184)
Trade	–0.001*** (0.000)	–0.001*** (0.000)	0.012** (0.006)	0.013** (0.006)
Polity index	0.004 (0.004)	0.003 (0.004)	–0.018 (0.093)	–0.014 (0.094)
Duration	0.000 (0.000)	0.000 (0.000)	–0.000 (0.006)	–0.001 (0.006)
Ethnic factionalisation	–0.193*** (0.063)	–0.191*** (0.062)	2.154* (1.266)	2.133* (1.254)
Lagged GDPpc	0.001 (0.008)	0.001 (0.007)	–0.165 (0.154)	–0.162 (0.152)
Growth 1st quintile	–0.014* (0.008)	–0.019** (0.008)	0.315* (0.190)	0.533*** (0.200)
Growth 2nd quintile	0.001 (0.007)	0.006 (0.007)	0.009 (0.178)	0.143 (0.182)
Growth 4th quintile	0.002 (0.008)	0.006 (0.008)	–0.013 (0.194)	0.159 (0.201)
Growth 5th quintile	0.004 (0.009)	–0.000 (0.011)	0.205 (0.224)	0.228 (0.263)
Observations	351	347	350	346
Number of countries	46	46	47	47

Notes: Constant not shown. Standard errors in parentheses, ***p < 0.01; **p < 0.05; *p < 0.1.

Table 5. Economic growth and party system nationalisation: Error correction models

	(6.1)	(6.2)	(6.3)	(6.4)
Variables	Δ PSNS	Δ PSNS	Δ Inflation	Δ Inflation
Lagged dependent variable	–0.2284*** (0.037)	–0.2351*** (0.038)	–0.1971*** (0.034)	–0.1967*** (0.034)
Δ District magnitude	0.0081 (0.009)	0.0084 (0.009)	–1.1852*** (0.210)	–1.1917*** (0.211)
Lagged district magnitude	0.0020 (0.003)	0.0019 (0.003)	–0.1385** (0.056)	–0.1356** (0.056)
Δ Ln population	–0.0127 (0.130)	–0.0246 (0.133)	0.3475 (2.666)	0.7475 (2.692)
Lagged Ln population	–0.0082*** (0.003)	–0.0087*** (0.003)	0.1634*** (0.057)	0.1734*** (0.057)
Δ Trade	–0.0008*** (0.000)	–0.0008*** (0.000)	0.0160** (0.007)	0.0154** (0.007)
Lagged trade	–0.0004** (0.000)	–0.0004** (0.000)	0.0043 (0.003)	0.0046 (0.003)
Lagged GDPpc	–0.0001 (0.002)	–0.0001 (0.002)	0.0286 (0.042)	0.0332 (0.042)
Crisis 3 years	0.0009** (0.000)		–0.0202** (0.010)	
Crisis 4 years		0.0006* (0.000)		–0.0162** (0.008)
Observations	364	360	358	354
Number of countries	52	52	52	52

Notes: Constant not shown. Standard errors in parentheses, ***p < 0.01; **p < 0.05; *p < 0.1.

display longer over time and it is restricted to the electoral contest following the economic downturn.

We have shown so far that economic crises reduce levels of party system nationalisation. We now move on to explore whether institutions – namely the electoral system and federal institutions – can amplify or mitigate this effect. As a measure of federal institutions, we use first the *Regional Authority Index (RAI)* which ranges from 0 in countries like Iceland, Estonia and Latvia, to over 36 in Belgium and Germany (Hooghe et al. 2010). We argue that economic conditions will have a stronger negative impact on the nationalisation of politics when federal institutions give way to a regionalised frame of party competition, and when organisational bonds between national and regional co-partisans are looser. These two mechanisms will be more likely to unfold when federal arrangements provide significant autonomy to regional policy makers. To capture this specific dimension, two other variables measure more specifically the authority exercised by the regional government over those who live in the region (*Self-rule*) and the extent to which regional governments are autonomous rather than de-concentrated (*Institutional depth*). The *Self-rule* index ranges from 0 in similar countries to over 22 in United States, Belgium and Germany, and the *Institutional depth* index ranges from 0 to around 5.5 in Germany and around 5 in Belgium and Italy.

To test for the interactive impact of the electoral system we use three conventional variables: the *ln average district magnitude*, the *Effective electoral threshold* (Taagepera & Shugart 1989; Lijphart & Aitkin 1994) and a *Majoritarian* dummy variable. The *ln average district magnitude* measures the average number of seats allocated per district, so the larger the average, the more proportional the allocation. The *Effective electoral threshold* indicates the average share of votes that a party needs to win to secure parliamentary representation with a probability of at least 50 per cent. It ranges from 0.375 in SMD systems to 0 in proportional systems with one single national district. The *Majoritarian* dummy takes value 1 if the country has a SMD system and 0 otherwise. Note that while *District magnitude* is a measure of electoral proportionality, *Effective electoral threshold* and *Majoritarian* are measures of electoral majoritarianism.

To account for the robustness of these measures and to be sure we are capturing the institutional effect isolated from other covariates, we include two further controls to these estimations. For the analyses of the interactive effect of the electoral system and economic growth, we include a control for the *Effective number of parties at the national level*. As low economic growth might make more likely the emergence of small regionally based parties, this allows us to measure the interactive impact of electoral system institutions discounting the fact that proportional systems already have more parties. In the analyses of federal institutions, we include a control for the geographic concentration of diversity, using a measure of crosscuttingness between ethnic groups and geography (*Ethnogeographic crosscuttingness*). This measure was developed by Selway (2011) using survey data and it captures the extent to which the distribution of ethnic groups overlaps with geography in a given country. When the crosscutting index scores low, it means that each ethnic group tends to live in different regions, whereas it scores high if different ethnic groups are distributed in a similar way across the territory.

Table 6 replicates the basic model of the article introducing the interaction between the federal variables and the *Crisis* dummies. We use the *Growth 3 years* and *Growth*

Table 6. Economic crisis and federalism: Time-series cross-sectional estimations, AR(1)

	Dependent variable: PSNS					
	Economic crisis (3 years)			Economic crisis (4 years)		
Variables	(6.1)	(6.2)	(6.3)	(6.4)	(6.5)	(6.6)
Economic crisis	0.008 (0.010)	0.012 (0.011)	0.014 (0.012)	0.010 (0.009)	0.013 (0.010)	0.021* (0.011)
RAI	–0.002* (0.001)			–0.002* (0.001)		
Self-rule		–0.002 (0.001)			–0.001 (0.001)	
Institutional depth			–0.011* (0.006)			–0.009 (0.006)
Economic crisis * RAI	–0.001*** (0.001)			–0.002*** (0.001)		
Economic crisis * Self-rule		–0.002*** (0.001)			–0.003*** (0.001)	
Economic crisis * Inst. depth			–0.011*** (0.004)			–0.015*** (0.004)
Ethnogeographic crosscuttingness	0.223*** (0.057	0.228*** (0.057)	0.230*** (0.057)	0.225*** (0.057)	0.231*** (0.057)	0.231*** (0.056)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	321	321	321	321	321	321
Number of countries	42	42	42	42	42	42

Notes: Constant and control variables not shown. Standard errors in parentheses, ***p < 0.01; **p < 0.05; *p < 0.1. RAI = Regional authority index

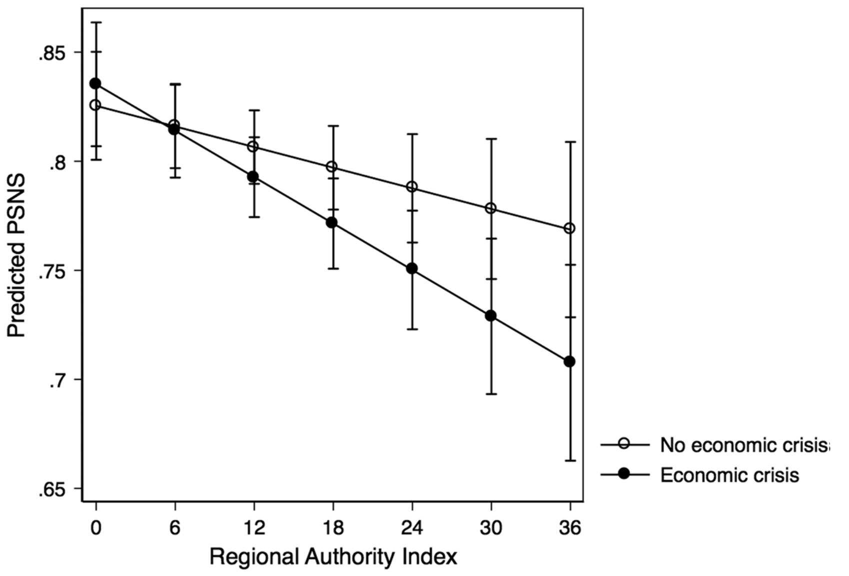

Figure 1. Effect of economic crises for different levels of federalism (90 per cent confidence intervals).

4 years variables. Similar controls to those in Tables 1–3 are included, but not reported. Results go in line with our theoretical expectations. First, and most importantly, we do find, as hypothesised, a strong moderating effect of federal institutions in the relationship between economic growth and levels of nationalisation. The interaction coefficient in the six models is highly significant. This holds for the three measures of federalism and the two economic crisis variables. This means that periods of low economic growth are more likely to regionalise politics under decentralised political structures than under centralised ones. When there is decentralisation, the institutional setting allows for a more intense expression of divergent interests both within political parties and across constituencies. Economic crises will provide incentives to regional elites to adopt electoral strategies that cater to subnational interests, making it more difficult for political parties to have a cohesive national platform and aggregate divergent preferences.[18] Economic downturns under decentralised political structures will result in centripetal pressures within national political parties. The relevance of the vertical structure of power when accounting for the effect of economic crises on party systems is also exposed as the variable *Economic crisis* loses its significance, indicating that for very centralised countries, an economic downturn has no effect on nationalisation. The results are robust to the inclusion of the ethnogeographic crosscuttingness, which indicates that our findings are not an artifact of ethnic diversity in the country.

Figure 1 displays this differential effect graphically (using model 6.4). It can be seen that for low levels of decentralisation, economic crises do not have any differential impact on party system nationalisation. In fact, in completely centralised countries, the level of nationalisation is expected to be the same regardless of economic conditions. As levels of regional authority increase, nationalisation decreases. However, the decrease is substantially sharper if there is an economic crisis. For countries with high levels of decentralisation, such as Belgium, an economic downturn operates as a centrifugal force in the party system that reduces the nationalisation score to almost 0.7. If there is not an economic crisis over the electoral cycle, the predicted score is around 0.77. This is a very substantial effect of almost a standard deviation of the PSNS in the sample.

Table 7 replicates these models, but includes now the interactions with the electoral systems. We do not find any effect of the electoral system in reducing or amplifying the impact of economic crises. The interaction is not significant across the four models. This confirms that the impact of electoral rules upon nationalisation is not univocal. While in majoritarian electoral systems parties might concentrate their electoral efforts in those constituencies where they need to make fewer compromises, in proportional electoral systems regionalisation might increase through the emergence of new parties. If anything, the interactions in our models are consistent in their sign, pointing out that the latter mechanism might be stronger. This is the argument developed in recent research by Lago and Lago Peñas (2016), who claim that the permeability of proportional electoral systems make small regionally based political parties more likely to emerge in periods of low economic growth. However, our results are far from significant, so we cannot conclude any clear differentiated effects of low economic growth under different types of electoral rules.

Summary and concluding remarks

The literature that explores variation in party system nationalisation has provided significant theoretical and empirical insights into the long-term processes that account for the emergence and consolidation of national party systems. Yet some issues still call for further analysis, particularly a better understanding of the role of short-term factors in explaining variation in the nationalisation of politics. This article contributes to filling this literature gap by analysing the effect of economic conditions upon party system nationalisation across more than 50 countries and almost 60 years of elections. The basic argument is that economic recessions will decrease levels of nationalisation through different mechanisms – namely an increase in the divergence of preferences across the territory and the emergence of new political forces. The article also provides some theoretical insights into the role of institutional conditions in moderating the impact of the economy upon levels of nationalisation.

Empirical evidence shows that lower economic growth is associated with a decrease in levels of party system nationalization – a result that is robust to variation in the specification of the econometric model and the use of different measures of nationalisation. The impact of the economy upon nationalisation is strongest for economic conditions measured three to four years prior to the election, which corresponds with the period in which we expect some of the causal mechanisms (changes in electoral competition and individual preferences) to develop. The empirical analysis also shows that federal institutions moderate the relationship between economic conditions and party system nationalisation: the negative effect of economic crises upon nationalisation is stronger in federal countries than in unitary ones.

There are three ways in which this research could be advanced in the future. First, the article suggests several theoretical mechanisms through which economic crises may trigger

Table 7 Economic crisis and electoral system: Time-series cross-sectional estimations, AR(1)

	Dependent variable: PSNS					
	Economic crisis (3 years)			Economic crisis (4 years)		
Variables	(7.1)	(7.2)	(7.3)	(7.4)	(7.5)	(7.6)
Economic crisis	–0.001 (0.008)	0.002 (0.008)	0.002 (0.006)	–0.005 (0.008)	–0.005 (0.008)	–0.005 (0.006)
Ln district magnitude	0.009 (0.006)			0.009 (0.006)		
Effective electoral threshold		–0.064 (0.052)			–0.065 (0.052)	
Majoritarian			–0.010 (0.016)			–0.011 (0.016)
Economic crisis * Ln district magnitude	–0.001 (0.003)			–0.001 (0.003)		
Economic crisis * Effective electoral threshold		–0.022 (0.036)			–0.014 (0.037)	
Economic crisis * Majoritarian			–0.009 (0.011)			–0.005 (0.011)
Effective number of parties	-0.034^{***} (0.002)	-0.034^{***} (0.002)	-0.034^{***} (0.002)	-0.034^{***} (0.002)	-0.034^{***} (0.002)	-0.034^{***} (0.002)
Controls	379	379	379	379	379	379
Observations	52	52	52	52	52	52
Number of countries	52	52	57	52	52	57

Notes: Constant and control variables not shown. Standard errors in parentheses, ***$p < 0.01$; **$p < 0.05$; *$p < 0.1$.

changes in the nationalisation of politics, such as the emergence of new political parties or parties' increasing difficulties to keep together a heterogeneous electoral platform during hard times. However, the analysis does not provide evidence on the operation of these mechanisms. A future way to strengthen the theoretical insights of the article would be to provide a more nuanced account of the specific changes in electoral competition and individual preferences that are triggered by economic crises and that may result in lower levels of nationalisation.

Second, following upon Morgernsten et al.'s (2009) theoretical and empirical distinction between dynamic and static nationalisation, future research could analyse whether the impact of economic crises is significantly different across nationalisation types. We have theorised about the impact of economic crises upon static/distributional nationalization – that is, the degree of heterogeneity of party support across electoral districts. However, future research could expand the theoretical and empirical insights of the article and analyse the effect of economic crises upon dynamic nationalisation, testing whether economic crises weaken political parties' electoral ties across districts or, alternatively, make the fate of party members rise and fall together.

Finally, this article shows that the impact of the economy upon party system nationalisation is not a linear one and only operates for economic crises. When the economy does not perform well, party system regionalisation increases, but we do not find evidence of a reverse impact when economic conditions improve. If levels of party system nationalisation are more elastic to economic crises than to economic upturns, we should find some evidence of a steady increase in general levels of party system regionalisation. Certainly, a better understanding of variation in levels of party system nationalisation over time requires further theoretical and empirical analysis on whether the impact of short-term shocks upon nationalisation is eventually overturned by long-term factors.

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Appendix

One of the main mechanisms by which we expect economic crises to reduce party system nationalisation is by their asymmetric impact on countries' economy. We argue that economic crises increase interregional inequality and this brings about divergence of redistribution preferences. To test our assumption, we take data from the OECD Regional Statistics and measure interregional inequality as the coefficient of variation of regional GDP per capita. We regress this variable – measured both as the level of variation and the annual percentage variation – on annual national GDP growth. Appendix Table 1 displays

Appendix Table 1. Effect of national economic growth on regional variation of GDP

Variables	(A.1) Dependent variable: Coefficient variation OLS regression	(A.2) Dependent variable: Coefficient variation Fixed effects regression	(A.3) Dependent variable: Coefficient variation Fixed effects regression + LDV	(A.4) Dependent variable: Δ % coefficient variation Fixed effects regression	(A.5) Dependent variable: Δ % coefficient variation Fixed effects regression + LDV
National GDP growth	–0.493*** (0.172)	–0.188*** (0.062)	–0.173*** (0.066)	–0.839* (0.451)	–0.806** (0.403)
Observations	302	302	285	285	268
Number of countries	17	17	17	17	17

Notes: Standard errors in parentheses, ***$p < 0.01$; **$p < 0.05$; *$p < 0.1$. Data cover the period 1990–2013, and include: Australia, Austria, Canada, Chile, Czech Republic, France, Germany, Italy, Japan, South Korea, Netherlands, New Zealand, Poland, Spain, Sweden, United Kingdom and United States.

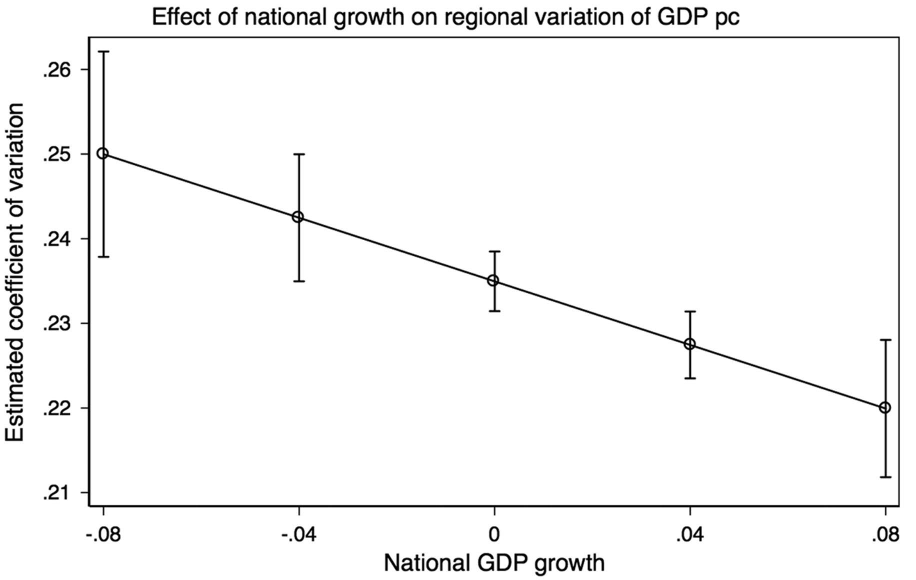
Appendix Table 2. Elections in the main sample

Albania	2009	Finland	1966–2007	Netherlands	1967–2010
Argentina	1987–2007	France	1981–2002	New Zealand	2005–2011
Australia	1963–1984	Germany	1976–2009	Norway	1965–2009
Austria	1966–2008	Greece	1963–2000	Peru	1990–2011
Barbados	1976–2008	Grenada	1995–1999	Philippines	2001–2010
Belgium	1965–1995	Honduras	1985–2001	Poland	1997–2005
Bolivia	1993–2005	Hungary	1998–2010	Portugal	1979–2011
Brazil	1990–2006	Iceland	1967–1995	Romania	1996–2000
Bulgaria	1997	India	1984–2004	Saint Lucia	1987–2006
Canada	1963–2011	Ireland	1977–2011	South Korea	1988–2008
Colombia	2006	Italy	1968–1996	Spain	1982–2008
Costa Rica	1966–2010	Jamaica	1972–1997	Sri Lanka	2000–2010
Czech Republic	1996–2006	Japan	1963–1993	Sweden	1964–2006
Denmark	1964-2011	Latvia	2006	Switzerland	1987–1995
Dominica	2005	Luxembourg	1968–1994	Thailand	1983–1992
Dominican Republic	1970–2006	Mauritius	1983–2005	Turkey	1965–2011
Estonia	1999–2003	Mexico	2000–2009	United Kingdom	1966–2010
				United States	1962–2010

the results. They show that there is a consistently strong and significant negative relation between national economic growth and the variation of GDP per capita across regions. Appendix Figure 1 simulates the results of model A.2, showing the extent to which a shift from a strong recession to a prosperous year implies a significant reduction of the regional GDP divergence.

Notes

1. By 'nationalisation' we refer to the degree to which party support is homogeneous across electoral districts (defined as 'static nationalisation', see Morgernsten et al. 2009), so high levels of nationalisation mean that electoral competition is similar across the country's subnational units, whereas in a context of low nationalisation the pattern of electoral competition varies across subnational units: parties' electoral support concentrates in some subnational units but is weak elsewhere. A dynamic definition of nationalisation focuses on the degree of uniformity in electoral swings across districts. See Schattschneider's (1960) approach, developed in other works such as Clagget et al. (1984), Kawato (1987), Alemán and Kellam (2008) or Morgenstern et al. (2009).
2. The argument overlooks the capacity of parties to adapt their electoral strategies and organisation to a new distribution of powers between the national and regional arenas, which in turn may prevent party system fragmentation (Hopkin & Houten 2009: 131–132). Although Chhibber and Kollman (2004) focus on the impact of decentralisation in the number of parties, predicting a 'disaggregating' effect of decentralisation reforms, this impact may be neutralised if parties adapt their organisation, message and strategies so as to maintain their electoral position (Hopkin 2009: 182).
3. For instance, subnational issues are likely to be more important in national legislators' careers when nationalisation is low. But legislator's career concerns at the subnational level may increase the degree



Appendix Figure 1. Economic growth and regional variation of GDP per capita.

of dissimilarity in the distribution of support across constituencies (arguably through heterogeneity in electoral appeals through districts).

4. If we broaden the meaning of nationalisation beyond a narrow operationalisation (i.e., the party system nationalisation score) and consider that nationalisation means that voters or legislators are national-oriented, then any attempt to establish a causal relationship turns into a tautology.
5. Variation in the degree to which parties and party systems are nationalised may have important implications over various critical aspects of politics, such as the representation of social groups, the balance of power between legislature and executives or government spending (Crisp et al. 2013; Calvo & Leiras 2012; Castañeda-Angarita 2013; Jurado 2014; Lago-Peñas & Lago-Peñas 2011; Hicken et al. 2010; Simmons et al. 2011).
6. Recession may also have detrimental effects across the board, making wealthier regions, as well as poorer ones, poorer. This would lead to an increase in support for redistribution across territories and, in turn, to more homogeneous preferences for redistribution. However, according to OECD data (OECD 2016), recession is more clearly associated with an increase in regional disparity than with a decrease in the interregional economic gap. Among the 22 OECD countries in which some regions experienced a decrease in GDP per capita during the 2008–2013 period, in 13 of them the evolution of the economy resulted in an increase in regional disparities (in eight countries poorer regions decreased more than the richer, and in five countries the poorer decreased and richer increased); whereas in nine of them it resulted in convergence (in six of them poorer decreased less than the richer and in three of them poorer increased and richer decreased).
7. Otherwise, if no new parties are formed, the net effect of recessions upon party system nationalisation will depend on whether incumbent parties' electoral decline and its effect upon nationalisation cancels out with higher electoral growth (and nationalisation) of votes for opposition parties.
8. We have also operationalised this variable as growth on the whole election year when the election takes place in the first months, and the results do not change.
9. Most of the countries have at least one observation in the lowest quintile group, so we are reassured that results are not driven by a specific country. We have also jackknifed the models and the results hold (results not shown).

10. Results are robust to cutting the economic growth variable in either less (such as quartiles) or more groups.
11. Results are robust to the non-inclusion of the autoregressive term.
12. The control variables also deserve some comment, in particular because their effects hold consistent throughout all the econometric models that are shown below. First, we find an effect of the electoral system on party system nationalisation. Elections that take place under more proportional systems, with larger district magnitudes, result in more regionalised party systems. This result goes against Morgenstern et al. (2009), who provide evidence of less nationalised electorates in single-member district systems. Second, we find a strong effect of the population level on the variation in party system nationalisation. Larger countries tend to increase their levels of electoral regionalisation. This supports the argument that bigger political communities are more likely to be more heterogeneous and, therefore, to exhibit lower nationalisation scores. Third, the degree to which countries are exposed to trade is negatively associated with party system nationalisation, indicating that the impact of the state of the economy on the party system is stronger in more open economies.
13. The dependent variable – variation in PSNS – has a mean value of –0.0018 and a standard deviation of 0.056.
14. Correlation between both nationalisation scores is –0.619 in the elections contained in the sample.
15. As for the models with PSNS as dependent variable, the economic growth in the five years prior to the election has no significant effect on inflation.
16. This variable is taken from Selway (2011) and it is a time invariant measure.
17. To prove the empirical robustness of the argument of this article, we have also run alternative estimations (not shown here) with a limited dependent variable (LDV) and no fixed effects, such as random effects models, and Arellano-Bond models and the results are confirmed as well.
18. We also ran these models using the *shared rule* variable from the same dataset. The interactions are of lower magnitude and significance, indicating that the kind of mechanisms we are capturing are stronger where federalism is designed to provide regional governments with autonomy over policy making (self-rule), giving them more incentive to pursue their own regional agendas, which, in turn, contribute to party system fragmentation.

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