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**A ECONOMIA E OS NOVOS PARTIDOS POLÍTICOS
THE ECONOMY AND NEW POLITICAL PARTIES**



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Dissertação apresentada à Universidade de Aveiro para cumprimento dos requisitos necessários à obtenção do grau de Mestre em Ciência Política, realizada sob a orientação científica do Doutor Carlos Jalali, Professor Auxiliar do Departamento de Ciências Sociais, Políticas e do Território da Universidade de Aveiro, e do Doutor Pedro Magalhães, Investigador Principal do Instituto de Ciências Sociais da Universidade de Lisboa.

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keywords

new political parties, electoral success, economic conditions, market equilibrium and failure, voting behavior.

abstract

Does the economy affect the electoral success of new political parties? Despite the profound scholarly interest on this subject, previous studies have not found consistent empirical evidence linking economic conditions to new party success. We argue in this thesis that the lack of compelling evidence derives from incorrectly drawn expectations about this precise relationship. By and large, previous scholars claim that bad economic conjunctures drive voters to support new political parties. This seems not always to be the case, however, as voters can punish incumbents for poor economic performance by supporting opposition parties instead. As such, we argue that new parties only benefit from bad economic conditions if voters are discontented with the existing parties as a whole. We tested this hypothesis drawing on a unique dataset that comprises all elections to the national legislatures in west European countries of the European Union, from 1986 to 2015. Statistical evidence appears to corroborate the aforementioned claim. Unfavorable economic conjunctures benefit new entrants if there is a large pool of discontented individuals. On the other hand, poor economic performance appears to slightly hamper their electoral success if voters are fairly satisfied with the existing parties.

palavras-chave

novos partidos políticos, sucesso eleitoral, condições económicas, equilíbrio e falhas de mercado, comportamento eleitoral.

resumo

As condições económicas afectam o sucesso de novos partidos? Embora esta questão seja basilar para a Ciência Política, os estudos existentes não dispõem de evidência empírica concreta que corrobore uma relação entre os dois fenómenos. Nesta tese argumentamos que as expectativas teóricas destes estudos podem explicar, pelo menos parcialmente, estes resultados inconsistentes. Os estudos anteriores consideram em grosso modo que as más conjunturas económicas incentivam os eleitores a votar em novos partidos políticos. Estes eleitores podem, contudo, punir os incumbentes pelo mau desempenho económico apoiando os partidos da oposição. Deste modo, consideramos que as novas formações partidárias só beneficiam das más condições económicas quando os eleitores estão descontentes com todas as alternativas partidárias existentes, inclusive partidos de oposição. Esta hipótese foi testada com base em testes estatísticos em 135 eleições para os parlamentos nacionais dos países da Europa ocidental membros da União Europeia entre 1986 e 2015. Os resultados corroboram a hipótese anterior. Os períodos económicos mais desfavoráveis são benéficos para as novas formações partidárias caso haja um grande número de eleitores descontentes com as opções partidárias existentes. Por outro lado, o mau desempenho económico constrange, ainda que a um grau mais limitado, o sucesso eleitoral dos novos partidos quando os eleitores estão relativamente satisfeitos com os partidos estabelecidos.

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1 Introduction

On December 20th 2015, Spanish voters went to the polls to elect their representatives for the Congress of Deputies. The outcome of this electoral contest entailed a fundamental shift in the national political landscape.

Since the early 1980s, two traditional mainstream political parties dominated the Spanish party system, the Socialist Worker's Party (PSOE) and the People's Party (PP) (Orriols & Cordero, 2016). Although some small (mostly regionally-based) parties have managed to hold seats in the national and local legislatures, PSOE and PP kept a pivotal role in governance in both levels of government (Rodon & Hierro, 2016; Lancaster, 2017). Accordingly, Spain had a functional two-party system, with relatively stable patterns of party competition and full alternations of power between the aforementioned mainstream parties (Lancaster, 2017).

The outcome of the 2015 general election disrupted this *status quo*. A large number of voters disenchanted with existing parties transferred their support to new party alternatives. The main emerging contenders were *Podemos*, a left-wing populist party, and *Ciudadanos*, a centrist, social liberal and market-oriented party (Lancaster, 2017). Together, these newly formed competitors gathered almost 35 per cent of the vote and obtained 109 of the 350 seats in the lower house. These unprecedented results challenged the dominant position of PSOE and PP (Orriols & Cordero, 2016). The electoral support for these parties dropped to just 51 per cent (down from the 84 per cent in 2008), after the continuous electoral losses they experienced in general, local, and European elections since 2011 (Rodon & Hierro, 2016).

The economic crisis that began in 2008 was perhaps one of the most prominent factors in driving voters' discontent with the mainstream parties. The Spanish economy displayed some tenuous signs of recovery by the end of 2015. Nevertheless, this recovery was still inconsequential compared to the cumulative economic losses since the onset of the crisis (Orriols & Cordero, 2016). Crucially, the country still had some of the highest unemployment rates among European countries at around 24 per cent (Rodon & Hierro, 2016: 341), with approximately 90 per cent of new job contracts being only temporary (Orriols & Cordero, 2016: 474). The lack of economic opportunities generated a widespread discontent at the austerity programs pushed by PP, and the then previous PSOE government, aimed at responding to the crises (Lancaster, 2017).

A series of corruption scandals further strengthened voters' disenchantment with these parties. These scandals involved bribes in exchange for awarding contracts, illegal party-financing schemes, and misappropriation of public funds in regional governments (Orriols & Cordero, 2016). The situation was so dire that, by November 2014, the large majority of citizens considered corruption and fraud to be the most salient issue in Spain (Orriols & Cordero, 2016).

Despite their ideological differences, *Podemos* and *Ciudadanos* were able to capitalize on the general disenchantment of voters with the existing political parties. Both developed a corruption-free public image and democratic internal procedures, and were very critical of the established political class (Lancaster, 2017). They also proposed

anti-austerity economic programs, which were particularly appealing to young voters and the disenfranchised middle class.

These anecdotal records illustrate the importance of studying the emergence of new parties. On the one hand, new competitors may push to the political agenda the demands of voters previously neglected by the existing parties. As such, even if the new entrants fail to become relevant actors in government, their success still threatens the existing parties. This forces the latter to adopt certain policies that otherwise would not endorse (Hug, 2001; Meguid, 2005; Zons, 2015). On the other hand, the fleeting success of new parties may impact the stability and functioning of the party system and raise concerns about governability and responsiveness of the system (Zons, 2015).

Moreover, the Spanish case also exhibits some of the most prominent factors that existing literature claims to favor new parties: voters' discontent with existing parties (Franzmann, 2011; Lago & Martínez, 2011; Riera & Russo, 2016), and unfavorable economic conjunctures (Hug, 2001; Tavits, 2007; Riera & Russo, 2016). Despite these previous claims, extant studies have been unable to find a clear relationship between economic conditions and new party emergence. This is particularly surprising given that the economic voting literature has found compelling evidence linking the performance of the economy to electoral outcomes (Lewis-Beck & Stegmaier, 2000; Van der Brug et al., 2007).

Considering this mismatch between the theoretical claims and empirical findings reported in extant literature, we seek to reassess the precise relationship between the economy and the success of new parties. We claim that new political parties can only benefit from bad economic conditions if there is a large number of discontented voters with existing political parties. In contrast, the general state of the economy should have no substantive impact on the electoral success of the new competitors if voters are fairly satisfied with existing party alternatives. Under these circumstances, voters can support opposition parties to punish the incumbents for poor economic performance (Tavits, 2007). To test these claims, we structure this dissertation as follows.

In Chapter 2, we review existing studies about new party emergence. We first explore the protracted debates on the criteria that define the term 'new political party'. Considering the conceptual problems of the previous definitions, we propose a novel classification. This classification hinges on a framework about party lifespans developed by Pedersen (1982), and considerations about party survival and electoral competition. We also review the contributing factors of new party formation and initial success previously identified in extant literature. By and large, these factors rest on three broad explanatory dimensions: the impact of formal institutions; the characteristics and interactions between political actors; and the input of voters.

In Chapter 3, we explore a novel theoretical approach to explain the electoral success of new political parties. To this purpose, we first review extant theoretical models and identify some shortcomings that potentially hinder their usefulness in describing the aforementioned phenomenon. Taking these shortcomings into account, we develop a demand side framework that specifies three key enabling factors of new party success: the general economic conditions; the electoral demands of voters; and the strategic concerns of voters. Hinging on this model, we then draw two hypotheses positing the interactive influence of economic conditions and electoral demands on the electoral success of new political parties.

In Chapter 4, we outline the rationale for collecting and analyzing relevant data to appropriately test our hypotheses. We first determine the basic unit of analysis and the universe of observations that comprise our dataset. Then, we operationalize the theoretical expectations outlined in the previous chapter. The ‘vote-share of new political parties’ measures the electoral success of new entrants at any given election. The ‘year-over-year changes in GDP *per capita* at purchasing power parity’ describe the general state of the economy. The average ‘satisfaction with democracy’ and ‘turnout levels’ assess the imbalances between electoral demands of voters and the offerings of party competitors. Lastly, the ‘average magnitude of electoral districts’ and the ‘electoral volatility in previous elections’ weigh the strategic concerns of voters.

In Chapter 5, we test the previously posited hypotheses drawing on a unique dataset that comprises 135 electoral contests for the lower-house national legislatures in 17 country members of the European Union, from 1986 to 2015. To this purpose, we use four different specifications of a linear regression model fitted to panel data. We also perform some regression diagnostic tests to check for multicollinearity, the robustness of the interaction effect in the presence of potential cofounders, as well as the impact of unobserved heterogeneity at the country level in the final model.

Our findings strongly suggest that the effect of economic conditions on the success of new political parties depends on the overall discontent of voters towards existing parties. Indeed, new entrants seem to benefit from unfavorable economic conditions if voters are dissatisfied with the way democracy works. However, our tests also portray some counterintuitive findings, suggesting that economy growth actually helps new parties to achieve electoral success when satisfaction with democracy is high.

2 Literature Review

‘Why do new parties emerge?’ Existing studies have developed an extensive body of research attempting to answer this question. These studies have nevertheless been unable to settle a definitive classification for the object of study: new political parties.

To classify new political parties it is required to define what is a political party in the first place. Developing such a definition is not a straightforward task, however. On the one hand, parties may display motivations, behavioral patterns, and organizational features remarkably similar to those of other political actors, such as political associations, grass-roots movements, and interest organizations (Lucardie, 2000: 178). On the other hand, political parties may themselves be quite distinct in these same aspects (Katz, 2011: 220).

Despite these differences, some authors have proposed minimal definitions that have since become quite influential in political science. These definitions dispose of any proprieties and characteristics that are not indispensable for labeling a political party (Sartori, 1976: 55), such as the types of actors that constitute them, their role in the political process, as well as their motivations, behavior, organizational features (White, 2006). Rather, they generally hinge on considerations about electoral competition. Sartori (1976: 57) provided one of the most prominent definitions in the literature. The author defines political parties as “any political group that presents at elections, and is capable of placing, through elections, candidates for public office”. Riggs (1968: 51), in turn, proposed a similar definition, describing a political party as “any organization which nominates candidates for election to an elected assembly”.

Studies about new political parties adopt similar definitions. Although the exact wording varies slightly, they classify political parties as political organizations that appoint candidates to elections (e.g. Willey, 1998; Hug, 2001; Bolin, 2007; Tavits, 2007). The ubiquity of this definition in extant literature largely results from concerns about the feasibility of empirical research, as electoral records are easily obtainable while other criteria may pose more challenges for researchers to identify the universe of potential political organizations that fit into such a definition (Pedersen, 1982: 5).

2.1 Defining ‘new political party’

Still, extant literature has yet to settle on a single uncontested definition of ‘new political party’ (Barnea & Rahat, 2011). Two reasons underlie the lack of a univocal classification. First, the criteria that define new electoral competitors. Second, the circumstances of formation of genuinely new political parties. We review these reasons in the two following sections.

2.1.1 Distinguishing the new from the old

The existing literature sets forth four different criteria to classify new electoral competitors. The first rests on the idea that new competitors introduce or, at the very least, respond to salient new issues that have been previously neglected by existing parties (Willey, 1998: 657). This view implies that new electoral competitors must add a new dimension of political conflict to the party system and, consequently, stir observed patterns of party competition (Harmel, 1985: 405). This classification poses a fundamental problem, though. It relies on programmatic offerings of party contestants, and thus excludes by default purely office-seeking parties (Strøm, 1990).

The second criterion hinges on key historical events to differentiate new electoral competitors from existing parties (Bolin, 2007: 7). Events like World War II or the post-industrial revolution of the 1970s trigger an appreciable shift in the political environment that impel new electoral competitors to develop distinctive organizational characteristics as well as novel programmatic and mobilization strategies (Harmel, 1985; Golder, 2003). Still, this criterion does not account for party change in response to new electoral demands and political environment (Mair, 1993; Katz & Mair, 1995; Ignazi, 1996; Litton, 2015; Emanuele & Chiaramonte, 2016). As a result, it remains unclear the extent to which new competitors actually develop contrastive characteristics to those of existing party competitors.

The third criterion regards new electoral competitors as comprising all party contestants that did not take part of the original party system (Harmel, 1985; Willey, 1998). According to this view, these new competitors, at the very least, change the supply of party offerings in electoral contests (Harmel, 1985: 405-406). This classification is not without its drawbacks, however. The newness of party contestants is conceptually bounded to the own definition of the original party system. This concept is difficult to operationalize by itself, especially considering that predictive patterns of party competition gradually emerge over the course of the first few elections (Sartori, 1976). Lacking an obvious reference point to determine the time-interval of what may be regarded the ‘original party system’, this criterion requires setting a discretionary cutoff point that may arbitrarily influence which party contestants are classified as new electoral competitors.

Lastly, the fourth criterion considers new electoral competitors to encompass all party contestants that compete at an election for the first time (Hug, 2001; Tavits, 2007, 2008a). This definition provides a more straightforward approach to classify new electoral competitors. It is, therefore, more commonly employed in state-of-art literature (e.g. Hug, 2001; Bolin, 2007; Tavits, 2007, 2008a; Litton, 2015; Kselman et al., 2016; Mainwaring et al., 2017). Still, it is unclear why these scholars ascribe the newness of parties only during the first election in which they compete, as it may not necessarily mark a major milestone for these contenders (Pedersen, 1982). New competitors may remain outside of the party system with low electoral support and visibility, lacking mature organizational structures that resemble those of established party structures (Bolleyer & Bytcek, 2013; Deschouwer, 2008).

Taking these shortcomings into account, we propose a new criterion that rests on one of the major milestones for political parties (Pedersen (1982) identified in his seminal study about party lifespans: getting parliamentary representation. Parliamentary representation allows political parties to get certain public subsidies, access informa-

tion, and influence policy within electoral channels either in government or on the parliament. Parliamentary representation also increases the visibility of the new entrants and informs the electorate of their viability at subsequent elections. These are valuable resources that enhance the ability of the new competitors to consolidate their organizational structures and role in the party system (Pedersen, 1982: 7). As such, we believe that the threshold of representation is an appropriate cutoff point to distinguish new electoral competitors from the remaining existing party contestants.

2.1.2 Circumstances of formation of genuinely new parties

Not all new electoral competitors are genuinely new political parties, though. This assertion underpins the second issue in explaining the general disagreement about the definition of new political parties, their circumstances of formation. New electoral competitors may either emerge from start-up organizations with no prior link to already existing parties (Bolleyer & Bytze, 2013; Emanuele & Chiaramonte, 2016), or from splits, mergers, electoral alliances, and reorganizations of former parties (Harmel & Robertson, 1985; Mair, 1999; Bolin, 2007). Existing literature generally regards start-up organizations as genuinely new political parties. Studies do not usually consider coalitions and reorganizations of existing competitors to be genuinely new parties, however.

Scholars have diverging views about splits and mergers. Most cross-national researchers regard start-up organizations and minor splits of existing party contestants as genuinely new political parties (e.g. Hug, 2001; Bolin, 2007; Tavits, 2007, 2008a; Zons, 2015). This classification is pretty straightforward. However, these authors fail to bring forward any theoretical reason justifying why splits are regarded as new parties whereas mergers are not.

Other authors, however, recognize the nuanced nature of these circumstances of formation and propose detailed criteria to identify which new competitors are genuinely new political parties. These criteria broadly hinge on the novelty of the labels of new entrants (Birch, 2003); the maturity of their organizational structures (Bolleyer & Bytze, 2013); and the past connections of their members to existing parties and past democratic politics (Barnea & Rahat, 2011; Sikk, 2005). Employing these criteria in a cross-national design is nevertheless not particularly attainable, especially when no information is available about smaller parties.

As such, we used the same criteria commonly found in cross-national research, distinguishing the different circumstances of formation in terms of their theoretical net impact on electoral competition. Organizations with no prior link to existing parties and smaller parts of a split are regarded as new political parties. These circumstances of formation increase the net number of competitors within the electoral market. The new entrants ride on perceived market failures in an attempt to mobilize voters, either for policy- or office-seeking motives (Franzmann, 2011; Lago & Martínez, 2011).

In contrast, reorganizations of former parties, electoral alliances and mergers are regarded as existing parties. These circumstances of formation are either a strategy to maximize electoral gains or the consequence of adaptational pressures to new electoral demands and political environments (Ignazi, 1996; Mair, 1990, 1993). In other words, these circumstances of formation are a survival mechanism or an attempt to prevent

potential market failures in the first place. These kind of strategic decisions encourage the cartelization of party competition, inherently opposing the view that new political parties emerge as a response of failures in the electoral market, and that they destabilize established patterns of party competition (Harmel & Robertson, 1985; Lago & Martínez, 2011).

2.2 Why do new political parties emerge?

During the 1960s and 1970s, party systems in advanced democracies seemed to conform to the ‘freezing hypothesis’ developed by Lipset & Rokkan (1967). Structural political cleavages played a pivotal role in determining electoral outcomes. As a result, patterns of party competition were highly stable (Lipset & Rokkan, 1967). However, this equilibrium came under strain as partisanship dealignment started to increase since the end of the 1970s (Dalton et al., 2000; Riera & Russo, 2016). As a result, new political competitors became increasingly able to mobilize a growing pool of voters that seems detached from their traditional vote choices. Consequently, the emergence of new political parties has since then become a relatively common phenomenon in established democracies (Emanuele & Chiaramonte, 2016). Left-libertarian and extreme right-wing political parties emerged in the electoral scene of several western democracies in the last two decades of the twentieth century (Rohrschneider, 1993; Mudde, 2014). Regionalist, anti-establishment, and business-firm parties also achieved considerable electoral support since the turn of the century in some European countries (De Winter & Türsan, 1998; Abedi, 2002).

These events led to the development of a new strand of political science literature that has its core concern explaining the formation and success of new political parties. We split seven of the most prominent factors into into three main explanatory dimensions: institutions, supply-side, and demand side-factors.

2.2.1 Institutional Perspective

The first main explanatory dimension focuses on the influence of formal institutions in explaining new party emergence. Extant literature analyzes the influencing role of three prominent institutional characteristics of political systems: the electoral system, political system, and other formal rules of party formation and electoral competition.

Permissiveness of electoral systems

The permissiveness of electoral systems affect the electoral viability of new political parties. Highly constraining electoral rules generate incentives for strategic voting, that benefit existing parties with proven viability records (Cox, 1997; Tavits, 2007). This hinders the likelihood of voter recoordination favoring new competitors. By extension, permissive electoral rules allow smaller parties to become viable contenders. This not only improves their chances of electoral success but encourages strategic entry decisions as well.

This argument is perhaps the most ubiquitous theoretical expectation in extant literature. Existing studies have relied on numerous indicators of electoral permis-

siveness to test this claim. These include the type of electoral system (proportional, mixed, and majoritarian) (e.g. Harmel & Robertson, 1985; Hauss & Rayside, 1978; Powell & Tucker, 2014); proportionality of electoral formulas (e.g. Hino, 2012; Kselman et al., 2016); district magnitudes (e.g. Willey, 1998; Bolin, 2007; Tavits, 2007; Powell & Tucker, 2014; Kselman et al., 2016); legal thresholds (e.g. Bolin, 2007); and effective thresholds (e.g. Bolin, 2007; Hug, 2000; Lago & Martínez, 2011).

Still, despite the ubiquity of these claims, empirical findings remain somewhat mixed (Selb & Pituctin, 2010). To be sure, the aforementioned individual indicators are not comprehensive measures of the permissiveness of electoral rules as a whole. This may explain the inconsistent evidence reported in the extant literature (Selb & Pituctin, 2010).

Formal characteristics of political systems

Some other institutional characteristics of political systems may also affect the electoral viability of new political parties as well as determining the potential benefits of holding office. The first of these features is the degree of centralization of government. Several authors argue that highly decentralized governments increase the opportunities for the emergence of new political parties by allowing them to prove their electoral viability at lower levels of the political system before competing at national elections (Willey, 1998; Lucardie, 2000; Hug, 2001). Nonetheless, others argue that centralized systems grant more benefits of holding governmental office, and thus increase the chance for the emergence of new parties representing strong electoral demands (Hug, 2001).

The second feature is the type of political regime. Several scholars argue that presidential systems reduce the likelihood of success of new parties. Presidential systems promote electoral competition around two large party contestants (Lucardie, 2000). Further, they reduce the benefits of holding office, as presidential systems effectively split policy-making power across independently accountable legislatures and executives (Willey, 1998). On the other hand, other scholars argue that presidential regimes may actually increase the chance for new party emergence because they encourage popular elected politicians to form new political parties without any organizational backing (Mainwaring et al., 2017).

Empirical evidence does not provide any conclusive findings supporting these theoretical claims (e.g. Willey, 1998; Hug, 2001; Mainwaring et al., 2017). This is not particularly surprising, though, as previous literature has identified conflicting causes that drive its relationship with new party success in opposite directions.

Formal rules of party formation and electoral competition

Electoral procedures and laws define the formal costs of party formation and electoral competition. The former specify the requirements for ballot access (Bolin, 2007), generally consisting of monetary fees and a certain number signatures required to register a new political party (Hug, 2000, 2001; Tavits, 2007, 2008a). These rules increase only party formation costs, and thus have no meaningful impact on their subsequent success (Harmel & Robertson, 1985; Hug, 2000). The rules of electoral competition, on the other hand, affect both the formation and success of the new parties. These rules

include eligibility and distribution of public funding, subsidies among electoral competitors, as well as financial limitations to campaign spending and media access (Hug, 2000; Bolin, 2007; Hino, 2012). These rules regulate party competition during electoral contests. New political parties generally lack the resources available to existing parties to promote their candidacy among the electorate. Rules that impose little cost to new entrants are then detrimental to their success (Bolin, 2007). In contrast, constraining rules increase competition costs, hindering incentives for party entry as well as their subsequent electoral viability.

Compelling empirical evidence is still lacking to draw any definite inference about the impact of these rules on new party emergence. Tavits (2007) reports supporting findings for the impact of petition signatures on new party formation, and Bolin (2007) for campaign spending limitations on the emergence of new parties. Nonetheless, both authors were unable to find supporting evidence for the role of eligibility of public funding. This joins other studies that have also failed to link the aforementioned variables to new party formation (see Harmel & Robertson, 1985; Hug, 2000, 2001). This is partly due to the vastly distinct regulations in force in different political systems. As a result, the precise impact of these rules on the formation of new parties remains difficult to assess, requiring a more detailed outline of these frameworks (Bolin, 2007).

2.2.2 Supply-side factors

The second main explanatory dimension hinges on a supply-side perspective. This perspective focuses on the characteristics of political systems, as well as iterated and institutionalized interactions between different political actors within them. The new party literature identifies three particularly influential supply-side factors.

Characteristics of party systems

Scholarly interest focuses on two main aspects of party systems that appear to affect the emergence of new parties. First, the degree of institutionalization of party systems. Predictive patterns of party competition allow voters and political parties to develop consistent beliefs about the strategies of other actors within the electoral market (Gehlbach, 2013). This reduces uncertainty, allowing existing parties to more effectively channel electoral demands, and voters to develop accurate expectations about the viability of available party alternatives (Lago & Martínez, 2011; Tavits, 2007). Accordingly, highly institutionalized party systems appear to substantially reduce the likelihood for the formation and success of new parties. Scholars have found compelling empirical evidence supporting this claim, relying on proxy measures, such as age of democracy (Lago & Martínez, 2011; Tavits, 2007) and age of party systems (Bischoff, 2013).

Second, party system fragmentation. Scholars advance two contending theoretical expectations to this regard. Some suggest that fragmentation reduces opportunities and electoral viability of new entrants, as a large number of political parties can more easily respond to existing dimensions of political conflict and fleeting issues (Harmel & Robertson, 1985; Müller-Rommel, 1993). By and large, formal models of party entry support this argument. Both entry-deterrence dispersion and citizen-candidate models imply that entry opportunities of potential candidates are, at least to some extent,

limited to the availability of unoccupied policy-space, which tends to be scarcer as the number of electoral competitors grows (Downs, 1957; Gehlbach, 2013).

Others argue, however, that party system fragmentation actually increases the likelihood of new party emergence. The proponents of this claim consider that fragmented party systems generally hint at a more permeable electoral market (Mainwaring et al., 2017) that features lower entry barriers for potential new competitors. Interestingly, some recent contributions of formal party entry models also follow a similar argument (Kselman & Tucker, 2011; Kselman et al., 2016). They assert that new parties have a greater impact over their preferred policy outcomes in fragmented party systems. New electoral competitors prompt voters to reallocate their ballot choices from existing parties that share close policy positions to them (Downs, 1957; Tavits, 2008b). In multi-party systems, this pulls the expected policy outcomes closer to their ideal point (Kselman et al., 2016: 322), by allowing the new competitors to have a greater leverage in policy decision-making and coalition formation (Sartori, 1976; Kselman et al., 2016). Conversely, in a highly polarized two-party systems, the relocation of votes may cause the most distant large party to achieve a plurality win, as the new entrant cannibalizes the electoral support of its closest large party (Kselman et al., 2016: 321-322). Strategic entry decisions in this latter scenario then can potentially lead to less preferred policy outcomes. Empirical evidence appears to strongly support the claim that fragmented party systems are more inviting to new parties (Kselman et al., 2016; Mainwaring et al., 2017).

Role of non-electoral political organizations in decision-making

The role of non-electoral political organizations in decision-making shapes the policy-making benefits of holding office. By extension, “the degree of policy change allowed only via electoral channels” (Tavits, 2007: 104) affects the potential policy-making benefits of new contestants. These benefits are higher under pluralist systems of interest representation. Under such arrangements, “the parliament and the government remain the main arenas for conflict resolution between different interests” (Tavits, 2007: 105). This allows political parties to have monopolistic control over policy formation. Therefore, these systems encourage non-electoral political organizations such as interest groups, unions, social movements, and non-governmental organizations to form political parties and participate in electoral contests. Concomitantly, these benefits are lower under corporatist arrangements. These systems of interest representation integrate these organizations in the policy-making process. Political groups may then prefer to influence policy-making outside of the electoral channels, as they can effectively bypass the costs party formation and electoral competition while maintaining a relatively strong influence. Existent empirical evidence appears to support this theoretical claim (Tavits, 2007; Hino, 2012).

Resources available to prospective new parties

Participating in elections is costly (Hug, 1996; Cox, 1997; Gehlbach, 2013). As such, the resources available to potential electoral contestants significantly impact their strategic entry decisions (Tavits, 2007). They also inform voters about their viability (Lucardie,

[2000: 179). Consequently, available resources play an important role in explaining both the formation and success of new parties.

Previous studies have identified several types of resources that facilitate new party breakthrough. These include monetary resources, strong charismatic leadership, media attention, consolidated organizational structures, and support from important political and social groups and organizations ([Hauss & Rayside, 1978; Lucardie, 2000; Bolleyer & Bytzek, 2013]). Empirical evidence suggests that the role of these resources varies according to the type of new electoral contestants. For instance, close ties with important social groups seems to significantly increase the success of left-libertarian new political parties ([Kitschelt, 1988; Müller-Rommel, 1993]). On the other hand, charismatic leadership appears to be key resource for the success of new extreme right-wing and regionalist parties ([De Winter & Türsan, 1998; Carter, 2011]).

2.2.3 Demand-side factors

Finally, the third main explanatory dimension hinges on a demand-side perspective. This perspective focuses on the factors that impact the propensity of voters to support new political parties. Previous studies have identified two demand-side determinants that drive voting behavior towards new entrants.

Emergence of new issues

New issues generate new electoral demands. Existing parties decide whether to respond to them. If they ignore or fail to respond to salient demands, voters may decide to switch their support to new political parties that do attempt to answer them ([Hauss & Rayside, 1978; Hug, 2001; Meguid, 2005; Tavits, 2007]).

This argument has been particularly influential to scholars of left-libertarian and extreme right-wing political parties. They stress the role of increasing post-materialistic values (e.g. [Inglehart, 1990; Rohrschneider, 1993]), the salience of nuclear energy controversy and pollution problems (e.g. [Kitschelt, 1988, 1989]), the size of the welfare state and structural economic development (e.g. [Kitschelt & McGann, 1997; Müller-Rommel, 1998]), and increases in immigrant population and asylum applications (e.g. [Kitschelt & McGann, 1997; Van der Brug et al., 2005]) in providing opportunity pulls for the emergence of these types of parties.

Some scholars criticize this earlier body of research, arguing that it generally disregards the answers of existing parties towards new electoral demands. They propose new indicators to measure the extent to which parties respond to fleeting issues. [Meguid (2005)] emphasizes the tactics that existing parties employ to respond to issues raised by left-libertarian and extreme right-wing parties. The author finds that supporting and prioritizing these issues hinders the success of the new entrants. In turn, [Selb & Pituctin (2010)] compares the voting recommendations of existing parties to those of a new competitor, the Swiss Green Party (SGP), during referenda in Switzerland. They find that the new competitor achieves greater success in constituencies in which existing parties took diverging referenda positions than those of the SGP.

Despite the strong empirical findings, these indicators suffer from a major drawback. Using them requires focusing on responses to specific issues or in a particular

Type of study	Supporting findings	No supporting findings
Cross-national studies	Hug (2001)	Tavits (2007) Zons (2015) Kselman et al. (2016)

Table 2.1: The impact of economic conditions on the formation of new parties in western democracies – overview of the statistical findings in the extant literature

Type of study	Supporting findings	No supporting findings
Cross-national studies	Mainwaring et al. (2017)	Kselman et al. (2016)
Intra-national studies	Riera & Russo (2016)	Rosenstone et al. (1996) Eagles & Erfle (1993)
Studies on populist and extreme right-wing parties	Müller-Rommel (1998) Knigge (1998) Golder (2003) Van der Brug et al. (2005)	Jackman & Volpert (1996)
Studies on left-libertarian and regionalist parties	Müller-Rommel (1998) Hearl et al. (1996)	

Table 2.2: The impact of economic conditions on the success of new parties in western democracies – overview of the statistical findings in the extant literature

institutional context. Therefore, these measures are not particularly useful in cross-national studies, as they analyze different political systems and a myriad of new party organizations with diverging ideological motivations and policy positions. Hence, state-of-art literature instead relies on measures of the size electoral market failures (such as turnout) to weigh imbalances between electoral demands of voters and policy offerings of existing parties (e.g. Lago & Martínez, 2011; Zons, 2015; Riera & Russo, 2016).

Economic conditions

The impact of economic conditions on voting behavior has been extensively documented in the economic voting literature (Lewis-Beck & Stegmaier, 2000; Van der Brug et al., 2007). Studies about new political parties follow a similar rationale, claiming that poor economic performance increases the pool of dissatisfied voters. This encourages potential new parties to compete at elections and allows them to mobilize greater electoral support (Hernández & Kriesi, 2016).

Strong theoretical expectations notwithstanding, existing research has reported inconsistent supporting empirical evidence. Table 2.1 and Table 2.2 provide an overview of extant findings in previous studies. Cross-national studies report inconclusive results regarding the impact of macroeconomic conditions on the emergence of new parties in

western democracies. This pattern holds for the success of these new competitors in intra-national research. Empirical evidence is more encouraging, but still not definite, in studies about specific types of political parties, though. This mixed evidence blurs the establishment of a clear causality chain. Nonetheless, a more careful review of this body of research reveals some interesting insights about the potential causes that drive those inconclusive findings.

[Riera & Russo \(2016\)](#) shows that impact of unemployment rates in the success of *Podemos* increases as the size of market imbalances grows. They find that not to be the case with the success of *Movimento 5 Stelle*, however. Instead, the influence of unemployment rates in this instance appears to be higher in municipalities with a young population. In turn, [Golder \(2003\)](#) discovers that unemployment increase the electoral support for neofascist parties, while having no significant effect on the vote-share of other populist right-wing parties. Lastly, [Müller-Rommel \(1998\)](#) finds the electoral success of extreme right-wing parties to be driven by poor economic conditions, whereas the success of left-libertarian parties is actually associated with economic growth and low unemployment.

The three studies then suggest that the impact of economic conditions on the emergence of new parties are conditioned on other factors, such the characteristics of both political parties and the demands of the electorate. Hence, we believe that the inconsistent findings reported in the literature may result from misspecification in empirical models, drawn from inaccurate theoretical depictions of the precise relationship between economic conditions and the emergence of new parties. We expand this argument further in the following chapter, when depicting the impact of several enabling factors on the success of new parties.

3 Theorizing the Electoral Success of New Parties

The theoretical foundations of the literature on new parties trace back to several case studies about emerging political parties in western democracies (e.g. Nagle, 1970; Pinard, 1971; Spini, 1972; Fisher, 1974; Jaensch, 1976; Hauss, 1978; Hauss & Rayside, 1978; Berrington, 1979; Müller-Rommel, 1982). This initial body of research adopted exploratory research designs. The primary concern of these studies was to determine why new parties were emerging in previously-frozen party systems. They found fleeting issues and shifting political cleavages to be crucial enabling factors for the success of these parties. Hauss & Rayside (1978), in one of the most seminal case studies in these first studies, adding that political and institutional facilitators also play a critical role in determining the electoral fate of the new parties.

The cumulative findings of these studies laid the groundwork for the development of explanatory models of new party emergence. Hinging on previous research, Harmel & Robertson (1985) attempted to develop such a model. The authors argued that the emergence of these parties results from a series of social, political, and structural factors. They labeled the numerous enabling factors suggested in previous studies under this classification, and tested a set of hypotheses positing the relationship among them and the formation and success of new parties.

While departing from the predominant exploratory trend of previous research, their framework still lacked a theoretical foundation that clearly details how the enabling factors interact with each other (Hug, 1996: 171). Therefore, the authors merely streamlined the prior developments in the literature into a tripartite classification of enabling factors. As such, their study still lacked a systematic understanding about the underlying logic behind the emergence of new political parties (Hug, 2001; Tavits, 2007).

3.1 Existing models of new party emergence

Hug (1996, 2001) attempted to fill this theoretical gap in the then extant literature. Hinging on formal theoretical models of strategic behavior and party entry, the author developed a four-stage signaling game that depicts the interactions between an existing party and a potential new contender.¹ This game occurs under imperfect information. The existing party ignores the electoral support the potential candidate might get in future elections. The new candidate signals its strength to the existing party through a series of political demands. The existing party may accept or reject those demands, considering the costs to respond to them, the potential strength of the new contender

¹See Hug (1996) and Gehlbach (2013) for a more extensive overview of formal models of strategic behavior and party entry.

and the institutional and political constraints that may hinder the its success. If the existing party accepts the demands, the potential candidate refrains from forming a new party. Conversely, if the party rejects them, the new contender may choose to compete at the next election, if it expects electoral success. In general terms, then, the formation of new political parties results from existing parties underestimating the actual strength of potential new contenders and their demands.

This model primarily deals with the formation of new political parties. Nevertheless, Hug argues that his theoretical framework is able to provide some insights about their initial success. While the author is well aware there is a conceptual distinction between the new party formation and success, he recognizes that both phenomena share a close relationship. The decision to compete at elections hinges on the expected success of political parties. In turn, new parties cannot achieve electoral success if they do not compete at elections in the first place (Hug, 2000, 2001).

This close relationship appears in the theoretical expectations developed by Tavits (2007). Following theory of strategic entry (see Cox, 1997), the author hypothesizes that the formation of new parties rests upon the strategic choices of office-seeking political entrepreneurs. They choose to compete at elections when the benefits of getting elected are higher than the costs of electoral participation, taking into account the probability of getting electoral support.

Kselman et al. (2016), in turn, attempted to depict the conditions that allow policy-seeking parties to emerge. The authors argue that the decision to form a new party hinges on a maximizing behavior of potential new candidates. These candidates evaluate the expected policy consequences in competing at an election, considering the positions of existing parties in the policy space. They decide to compete if the expected election results lead to a more-preferred policy outcome than those associated with the *status quo* (Kselman et al., 2016: 320).

Finally, Zons (2015) attempted to depict how the programmatic supply of existing parties affects the formation of new competitors. He argues that the programmatic diversity of existing parties determine the extent to which new entrants are able to introduce “new ways to think about politics” and promote new issues (Zons, 2015: 921). These programmatic innovations allow new parties to respond to the demands of unsatisfied voters and, therefore, achieve some electoral success. Then, according to this rationale, the programmatic diversity of existing parties structure the incentives for new party formation. Relatively uniform programmatic offerings provide better electoral opportunities for new competitors that introduce some kind of programmatic innovation in the political agenda.

3.1.1 Shortcomings of existing cross-national models

These theoretical frameworks all share several common features. They draw onto the micro foundations of formal models of strategic behavior, strategic entry, and spacial competition. As a result, they depict strong theoretical expectations about the formation of new parties, emphasizing the role of strategic decisions of political actors in this process. In general terms, these actors decide to compete at an election when they expect to be electorally successful. Thus, these models assume, either explicitly or implicitly, that the formation and the success of new parties are two distinct but

interlinked phenomena (Zons, 2015). Along these lines, they are able to provide some insights about the latter. We argue, however, that these insights are insufficient to provide a thorough understanding about the success of these parties.

Two major shortcomings underlie this claim. First, empirical data suggest a questionable link between the formation and success of new parties, contrary to what these models portray. We tested this relationship on a sample of 1668 new political parties that comprise our database, using entry of these competitors on national legislatures as a categorical measure of electoral success. We found that 59 of new party competitors (roughly 3.5 per cent) were able to place at least one candidate in the legislature in the first electoral contest in which they participated. In turn, 28 new parties (1.7 per cent) only achieved national representation after iterated attempts, going as far as seven.² The majority of new political parties (around 95 per cent) never managed to enjoy successful electoral outcomes. In total, 1182 failed to win a seat at the first time they compete in national elections and refrained from entering further electoral contests. Finally, 399 participated in subsequent contests irrespectively of the past electoral outcomes.

These findings suggest two important considerations about new competitors. Some seem to be interested in long-term payoffs or non-electoral goals, such as pushing a particular issue to the political agenda (Willey, 1998; Lucardie, 2000). Several others appear to miscalculate electoral outcomes. These two considerations challenge the claim that the decision to participate in elections hinges on the prospect of immediate electoral success.

Admittedly, a supply side approach may endogenize these considerations into future theoretical models. However, models following such an approach still display a fundamental drawback: they only provide an indirect rationale about the success of new parties. Focusing on the strategic decisions of political actors, these theoretical frameworks disregard (at least to some extent) the input of voters, the actors that directly determine the electoral success of these parties. As a result, these models fail to carefully depict how the numerous factors that affect voting choices may provide electoral opportunities for new political parties. We believe that a demand side rationale provides a more parsimonious and thorough approach to depict this phenomenon. This approach allows for a precise description of how each of the determinants of voting behavior affect the success of new parties, and how they interact with each other.

In spite of the advantages of such an approach in explaining the electoral success of new political parties, it still remains underdeveloped in the cross-national literature. Therefore, attempt to address this gap in the literature with a demand-side theoretical model. We develop this model in the following section.

3.2 Explaining the success of new parties

Political parties thrive on electoral support. On the one hand, votes are the key resource for party survival (Strøm, 1990). They are instrumental for the sustainability

²The Sweden Democrats competed at the Riksdag elections in 1988, 1991, 1994, 1998, 2002, and 2006 before achieving parliamentary representation in 2010.

of party organizations, visibility, and capacity to mobilize other resources (such as media attention) in subsequent elections. On the other hand, votes are essential for the office- and policy-seeking activities of political parties. Parties enjoying strong support at elections are generally more able to bring new issues into the political agenda, influence policy within electoral channels, and affect patterns of party competition.

The support that each political party enjoys in elections amounts to the aggregate party choices of individual voters. Voters can be thought of as fully-informed rational actors that seek to maximize their gains at any given election. Accordingly, they cast the ballot for the political party they support the most, if the costs of voting do not outweigh the benefits (Aldrich, 1993; Van der Brug et al., 2007). Voters assess their propensity to support each of the available party alternatives considering a whole range of factors. Prominent studies of voting behavior in comparative politics identify three particularly influencing factors to this regard. First, the strategic concerns of voters (e.g. Cox & Shugart, 1996; Cox, 1997; Gehlbach, 2013). Second, the electoral demands of voters (Downs, 1957; Mair et al., 2004; Franzmann, 2011). Third, prevalent economic conditions (e.g. Anderson, 2000; Lewis-Beck & Stegmaier, 2000; Van der Brug et al., 2007). Our theoretical contribution hinges on these contributions, as well as on previous developments in the literature on new party emergence, to grasp how each of these factors affects the success of new political parties.

3.2.1 Strategic considerations of voters

Electing a new party candidate requires voters to “change their behavior in a coordinated fashion” (Lago & Martínez, 2011: 6). However, large-scale voting coordination towards new political parties is difficult to achieve. In western democracies, predictive patterns of party competition and voting behavior, as well as widely publicized electoral polls (Fey, 1997) facilitate the emergence of a coordinated equilibrium that favors existing parties with proven viability records (Tavits, 2007).

The emergence of such an equilibrium prompts voters to develop strategic considerations about the electoral viability of new parties. Under these circumstances, voters strategically seek to improve the effectiveness of their party choices in generating desired political outcomes. To this purpose, voters frame expectations about the voting decisions of other voters in upcoming elections and condition their party choices accordingly (Shepsle, 1997; Gehlbach, 2013). If voters do not find voter recoordination favoring a party alternative likely, then they may transfer their support to party candidates that actually have a realistic chance of getting elected (Cox, 1997: 30), provided that the propensity to support that party is higher than the propensity to abstain.

According to the literature about new political parties, two factors determine the extent to which strategic considerations impede the success of new political parties: first, constraining electoral institutions (Willey, 1998; Bolin, 2007; Selb & Pituctin, 2010). Small constituencies, disproportional methods of seat allocation, and legal thresholds all increase the size of voter coordination required to place a new candidate in the legislature (Lago & Martínez, 2011). These electoral rules then reduce the likelihood for new candidates to achieve national representation in legislatures. This, in turn, encourages voters to condition their party choices to only those alternatives likely to get enough votes to surpass representation thresholds imposed by electoral institutions.

Second, degree of party identification among the electorate (Tavits, 2007; Bischoff, 2013). Crystallized support towards existing political parties reduces the likelihood of large-scale recoordination favoring new competitors. Under such circumstances, economic and issue considerations of voters become detached from party choices, thus impeding newcomers to attract a large number of votes (Tavits, 2007; Dassonneville & Hooghe, 2015). Accordingly, this creates incentives for rational voters to transfer their support to deeply rooted existing parties instead of voting for new party candidates, so as to prevent less desirable electoral outcomes (Cox, 1997: 10).

3.2.2 Electoral demands

The new party literature also recognizes the electoral demands of voters to be a major determinant for the emergence of new competitors. In general terms, these studies argue that unanswered electoral demands increase the pool of dissatisfied voters, thus creating opportunities for new parties to emerge (Haus & Rayside, 1978; Harmel & Robertson, 1985; Hug, 2001; Tavits, 2008b; Zons, 2015).

This argument rests on the idea that voters and political parties compose an electoral market subject to equilibrating mechanisms (Cox, 1997: 6). Voters support the parties they expect to best respond to their electoral demands. Political parties, in turn, attempt to identify and fulfill those demands. To this purpose, they convert loose demands of the electorate into a coherent set of political issues (Easton, 1957; Franzmann, 2011). Elections allow voters to determine which of these issues deserve political attention. Therefore, periodic and competitive elections serve as equilibrating market mechanism that promotes the responsiveness of political parties to the demands of the electorate (Zons, 2015).

Electoral markets are rarely in equilibrium, though (Cox, 1997; Zons, 2015). Parties are constrained in the range of policy positions they can adopt due to their ideological and previous programmatic background (Kselman et al., 2016). Furthermore, they also lack perfect information about the salience of current and future demands of voters, and about the electoral consequences of responding to them (Hug, 1996, 2001). As a result, they are not perfectly adaptable to emerging demands and fleeting issues (Haus & Rayside, 1978; Lago & Martínez, 2011). This suggests that elections, while fostering the responsiveness of political parties to the demands of voters, are frequently unable to prevent market imbalances.

Lago & Martínez (2011) and Riera & Russo (2016) refer to market imbalances as ‘electoral market failures’. These failures occur “when a significant number of individuals are left dissatisfied by the partisan choices available to them” (Lago & Martínez, 2011: 7). They claim that, under such circumstances, voters may either exchange their support for new political parties, or refrain to participate in elections altogether. These scholars do not identify, however, which circumstances lead the voters to select one way of expressing their discontent over the other.

Following this rationale, however, we expect the propensity for dissatisfied voters to support new parties to hinge on whether these competitors are able to identify and embed unanswered demands into their programmatic offerings. This is not always the case, though. New competitors may be more adaptable to changing demands as they do not endure *path dependent* constraints similar to those of existing parties. Still, they

lack perfect information about the salient demands of the electorate and their impact in election outcomes. This implies that there seems to be two distinctive types of electoral market failures, each of them prompting different responses from dissatisfied voters:

1. Failures in the party system, whereby existing political parties fail to respond to the electoral demands, while new parties effectively manage to do so. Under these circumstances, dissatisfied voters are more likely to support new party competitors.
2. Failures in the electoral market as a whole, whereby all party contestants are unable to incorporate salient electoral demands into their political programs. Under these circumstances, dissatisfied voters are more likely to abstain.

3.2.3 General economic conditions

The impact of the state of the economy on election outcomes has been extensively studied in the economic voting literature. In general, this literature claims that good economic conditions benefit incumbent parties in elections, while bad economic conditions hinder them. Nonetheless, despite sharing the same basic argument, existing studies have yet to unequivocally define the precise nature of economic voting (Van der Brug et al., 2007: 3). This body of research has enrolled in an extensive debate over three prominent issues.

First, the direction by which voters hold the government accountable. Some authors expect citizens to vote retrospectively, rewarding parties in office for good electoral performance, and punishing them otherwise (e.g. Key, 1966). Others believe that citizens vote prospectively, supporting the political party they expect to deliver better economic performance in the short-run (e.g. Downs, 1957) regardless of past economic conditions (Hibbs Jr., 2006).

Second, the different motivations behind economic voting. Several scholars stress the role of sociotropic motivations, whereby voters take into account the general environment of the country when casting the ballot (e.g. Kiewiet, 1984). However, some other scholars argue that egotropic motivations drive economic voting instead. According to this view, voters consider their own financial situation when determining their party choice (e.g. Nannestad & Paldam, 1995).

Finally, the economic aspects that underlie voting decisions. Most studies in the literature focus on objective macroeconomic measures, such as GDP growth, inflation, and unemployment rates (Van der Brug et al., 2007). Still, an important strand in the literature considers aggregate perceptual evaluations of voters to be a more appropriate method for describing their economic considerations in voting decisions (Lewis-Beck & Stegmaier, 2000).

Ongoing debates about the nature of economic voting notwithstanding, these studies have found compelling evidence about the impact of economics in electoral outcomes (e.g. Anderson, 2000, 2007; Van der Brug et al., 2007). Following this body of research, scholars studying the emergence of new political parties adopted similar theoretical claims. These scholars expect bad economic conditions to increase the likelihood of new party formation and success (e.g. Hug, 2001; Tavits, 2007, 2008a; Zons,

2015; Kselman et al., 2016; Mainwaring et al., 2017). However, they have yet provide consistent evidence supporting this argument (see Chapter 2 for a more detailed overview on this matter). While different data sources and modeling specifications may explain these mixed findings (Selb & Pituctin, 2010: 149), we believe that prior studies have incorrectly depicted the precise relationship between economic conditions and the emergence of new political parties. Tavits hinted at this problem in previous work. She states that:

(...) even if incumbents are punished for poor economic performance, it does not necessarily mean that new parties will profit, as voters may also vote for existing opposition parties in order to punish the incumbent (Tavits, 2007: 103-104)

Along these lines, prevalent economic conditions seem to support emergence of new party competitors only when voters are dissatisfied with incumbent parties and existing parties in opposition, as long as those new competitors answer to their electoral demands. Hence, the relationship between economic performance and the success of new parties appears not to be linear, as extant literature portrays, but rather conditioned on other electoral demands of voters. Following this argument, we draw two hypotheses that posit the interactive relationship between economic conditions and party system failures on the success of new parties. We expect that:

Hypothesis 1 *Unfavorable economic conditions increase the vote-share of new political parties, if there is a significant market failure in the party system.*

Hypothesis 2 *Unfavorable economic conditions have no substantive impact on the vote-share of new political parties, if there is no significant market imbalance in the party system.*

To test these hypotheses on empirical grounds, we now turn to discussing the operationalization of these concepts and the methodological approach we use for data analysis.

4 Methodology

Our research seeks to explain the impact of the enabling factors outlined in the previous chapter on the emergence of new political parties in long-established western democracies. These factors encompass voters' strategic considerations, party system failures, and economic conditions. Considering the scope of our research, we employed a quantitative research design, based on statistical tests of regression analysis. We believe that this design is appropriate to our research, as it allows us to estimate the overall impact of these factors in a large number of observations across different political systems and particular conjunctures. To this purpose, we created a dataset that includes all the relevant variables for statistical tests. Given the extent of our study, this dataset has a cross-sectional time-series data structure. Determining the unit of observation of the dataset was not straightforward, however, as previous studies have shown.

Some authors adopt elections in a given country (e.g. [Bolin, 2007](#); [Tavits, 2008a](#); [Kselman et al., 2016](#)). They implicitly assume that new political parties all share a set of relevant characteristics that distinguishes them from established parties. Individual attributes, such as ideology, membership and financial resources, are exogenous to this approach. The characteristics of new competitors may be specific to a political system or a particular conjuncture. Thus, exogenizing these factors enhances comparability across different contexts ([Van der Brug et al., 2007](#)). As a result, this unit of analysis seems to provide a rather straightforward approach to assess the impact of election-level and country-level factors on the success of new parties, particularly in cross-national cross-time designs. However, parsimoniousness comes at a cost. Such approach is only able to explain the aggregate success of new political parties.

Several authors address this shortcoming introducing a different unit of analysis, the newly formed political parties themselves (e.g. [Hug, 2001](#); [Bolleyer & Bytzek, 2013](#)). In contrast to the former, this approach allows party-level factors to be included in empirical models. Hence, they enable scholars to describe the emergence of each new competitor and, thus, explain why some enjoy electoral success while others do not. Still, as we have noted before, considering the attributes of individual parties hinders comparability across different contexts.

This unit of analysis introduces an additional challenge to studies about new political parties. They are often very small organizations. As such, information about their individual characteristics is generally extremely scant. As a result, relying on existing party-level data could lead to potential problems with selection bias, as information about successful new competitors is more widely available. This is not problematic in case and comparative studies, though (e.g. [Selb & Pituctin, 2010](#); [Riera & Russo, 2016](#)). Scholars can devise theoretical reasons methodological tools that effectively address potential concerns about selection bias. Still, this is not attainable in large n quantitative research designs. [Hug \(1996, 2001\)](#) illustrates this issue. While the author employ the newly formed political parties as the basic unit of analysis, he fails to include party-level variables in his empirical models. This may lead to serious problems

Country	Elections
Austria	1999, 2002, 2006, 2008, 2013
Belgium	1981, 1985, 1987, 1991, 1995, 1999, 2003, 2007, 2010, 2014
Cyprus	2006, 2011
Denmark	1981, 1984, 1987, 1988, 1990, 1994, 1998, 2001, 2005, 2007, 2011, 2015
Finland	1995, 1999, 2003, 2007, 2011, 2015
France	1981, 1986, 1988, 1993, 1997, 2002, 2007, 2012
Germany	1983, 1987, 1990, 1994, 1998, 2002, 2005, 2009, 2013
Greece	1989, 1989, 1990, 1993, 1996, 2000, 2004, 2007, 2009, 2012, 2012, 2015, 2015
Ireland	1981, 1982, 1982, 1987, 1989, 1992, 1997, 2002, 2007, 2011
Italy	1983, 1987, 1992, 1994, 1996, 2001, 2006, 2008, 2013
Luxembourg	1984, 1989, 1994, 1999, 2004, 2009, 2013
Malta	2008, 2013
Netherlands	1981, 1982, 1986, 1989, 1994, 1998, 2002, 2003, 2006, 2010, 2012
Portugal	1987, 1991, 1995, 1999, 2002, 2005, 2009, 2011, 2015
Spain	1986, 1989, 1993, 1996, 2000, 2004, 2008, 2011, 2015
Sweden	1998, 2002, 2006, 2010, 2014
UK	1983, 1987, 1992, 1997, 2001, 2005, 2010, 2015

Table 4.1: Universe of observations in the dataset

in statistical inference. At best, model provides inefficient results, as no information is provided to explain different levels of the electoral support of each new political party at any given election. At worst, results may inadvertently induce type I errors (i.e. incorrect rejection of the null hypothesis), as the multiple observations unnecessarily increase the degrees of freedom.

Given the scope of our study, and since individual characteristics of new political parties have no theoretical relevance in our model, we believe that the time of each election in a given country is a more appropriate unit of analysis to our research.

4.1 Case selection

Hinging on this unit of analysis, our database comprises all elections contested in 17 states of the European Union between 1980 and 2015 (see Table 4.1 for an overview of the selected cases). This universe of observation shares several potential confounders that could otherwise induce bias in our findings.

These 17 countries are all advanced industrial democracies, with a long democratic history¹ and an information-rich environment. Labels of existing parties, accurate pre-election polling, as well as the coherence and identifiability of political parties' programmatic campaign platforms (Tavits, 2008a; Kitschelt & Kselman, 2013) allow voters to assess their propensity to support each of the available party alternatives, and order their preferences accordingly. Additionally, these democracies display relatively similar patterns of political conflict. The main dimension of political conflict in Western European countries is the economic left-right (Coman, 2017). Further, the attitudes towards European Union integration has become, in the recent decades, an increasingly important political strain at the mass level (Van der Eijk & Franklin, 2004; De Vries, 2007). These similarities suggest that voter coordination in our sampled countries follows somewhat comparable social and ideological strains.

The interval we selected also rests on the underlying assumptions of our model. Crucially, until the late 1970s party systems and voting behavior had relatively stable patterns. Voters were largely loyal to the party with which they identified, turning out on election day to cast the ballot for it. Electoral competition dynamics were thus more stable and centered around cleavage voting (Lipset & Rokkan, 1967). Since the late 1980s, there has been an ever-growing partisanship dealignment, as voters lessened their social and political ties to political parties (Dalton et al., 2000). Instead, they increasingly relied on specific issues to form their party preferences (Kayser & Wleziën, 2011). Sampling elections from 1980 onwards allows us to observe patterns of voting behavior similar to those described in our theoretical model, with less noise from cleavage voting.

4.2 From theory to data

Having determined the research design of our study, we now proceed operationalizing the dependent variable, the success of new political parties, and the three enabling factors outlined in Chapter 3. These are economic conditions, electoral demands and strategic considerations of voters.

4.2.1 Success of new political parties

Operationalizing the dependent variable is pretty straightforward. As we discussed in the previous chapter, the success of new political parties is, to a large extent, determined by the aggregate party choices of voters. Therefore, the vote-share of these new competitors in each election seems to be an appropriate indicator to measure their success.

We calculated this variable dividing the number of votes new political parties obtained by the total number of valid votes for each given observation. Since comprehensive databases seldom break down the full electoral results, we retrieved relevant data from various sources that provided the most detailed information: websites of Governmental and Statistical offices, National Electoral Commissions, the data handbook

¹To be sure, democratic history varies in our sample. The most recently democratized country is Greece in the late 1970s.

of [Nohlen & Stöver \(2010\)](#), online resources of the Global Elections Database ([Brancati, 2017](#)) (25 elections), and other miscellaneous sources (e.g. [Boothroyd, 2009](#)). We provide a detailed list of these sources in Appendix 1.

Using the data we retrieved from these sources, we classified the observations that met the criteria we set in Chapter 2 as new political parties. To recap, new parties (1) never placed at least one of its candidates in a national legislature, regardless of their circumstances of formation; (2) or emerge from minor parts that emerge from splits of existing parties. We relied on ParlGov resources for this step ([Döring & Manow, 2016](#)). After classifying all observations in our database, we calculated the vote-share of new parties dividing the number of votes those new competitors obtained by the total total number of valid votes at each given election.

4.2.2 Strategic considerations

As we reviewed in Chapter 3, there are two prominent factors that drive voters to behave strategically. First, constraining electoral institutions. This factor has been extensively portrayed in the new party literature (e.g. [Hauss & Rayside, 1978](#); [Harmel & Robertson, 1985](#); [Willey, 1998](#); [Hug, 2001](#); [Bolin, 2007](#); [Tavits, 2007](#); [Selb & Pituctin, 2010](#); [Hino, 2012](#)). These studies consider constraining electoral institutions to hinder the success of new political parties. Despite the ubiquity of this theoretical expectation, however, authors rely on a number of different variables to measure the restrictiveness of electoral systems. These include the type of party system, district magnitude, proportionality of electoral formulas, as well as legal and effective thresholds (see Chapter 2 for more details). Indeed, the different indicators employed in existing literature reflect protracted debates about the role of distinct electoral rules in shaping of voter responses in anticipation of their constraints ([Cox, 1997](#); [Benoit, 2006](#)).

Since this debate is not of particular interest to this research, we adopted a fairly standard variable portrayed in the literature about strategic voting, the size of electoral districts. We calculate the average district magnitude in each country dividing the number of parliamentary seats by the number of electoral districts. The relevant data was retrieved from various sources, including [Bolin \(2007\)](#), [Beck et al. \(2001\)](#), and ParlGov databases ([Döring & Manow, 2016](#)).

Second, the strength of party identification among the electorate. In contrast with the former, previous research has yet to explore its impact on the emergence of new parties. [Tavits \(2007\)](#) tackled this issue using age of democracy as a proxy variable for the crystallization of support for existing parties. The author expects crystallized support to emerge over time as voters learn from past electoral records and adapt their voting decisions accordingly. The impact of this variable considerably diminishes after the first few elections, however, ([Sartori, 1976](#)) and is thus not particularly useful in studies about long-established democracies. Moreover, the age of democracy is unable to explain fluctuations in support for existing parties from election to election.

Accordingly, the literature seems to lack an appropriate indicator to measure the strength of party identification among the electorate. Still, [Bischoff \(2013\)](#), researching patterns of party system change, has developed an interesting contribution to this regard. The author suggests that party identification decreases electoral volatility in elections, as party choices remain relatively stable. As such, voters are able to look

at aggregate changes in party support over past elections to determine the extent to which voters identify with existing competitors. Low electoral volatility in past elections thus signals large voting coordination favoring new parties to be less likely and, therefore, hinders their prospective success. We retrieved electoral volatility data from [Chiaromonte & Emanuele \(2017\)](#) database. The authors calculate this indicator using the index developed by [Pedersen \(1979\)](#). We used this same index to calculate missing observations relying on election data we collected for the dependent variable to this end.

4.2.3 Electoral market failures and party system failures

Recent studies about new political parties suggest that electoral market failures foster new party emergence ([Lago & Martínez, 2011](#); [Zons, 2015](#); [Riera & Russo, 2016](#)). They all use the voter turnout in the previous election to measure the size these failures. These studies thus imply that decreasing voter participation in previous elections inform new parties of a growing imbalance in the electoral market. This theoretical contribution suffers from two basic problems, though.

First, voter turnout in previous elections may not provide an accurate signal about the size of market failures to new political parties. Increasing abstention rates in past elections also signal those failures to existing parties, that may effectively answer to electoral demands in their subsequent programatic offerings. Further, this measure does not portray abrupt changes in the market equilibrium that may occur after the previous election as the result of externalities such as the onset of widespread corruption scandals. Hence, voter turnout bears a marginal role in signaling potential market failures at subsequent elections. Rather, voter participation appears to be the outcome of the size of those failures at any given election. Therefore, we believe that voter turnout is an important indicator but only to control for electoral market imbalances at each given election. We expect it to convey the extent to which party offerings are able to respond to the electoral demands of the discontented voters. Assuming the electoral support for existing parties to be constant, turnout is expected to increase as new political parties are able to address the demands of voters that did not find compelling reasons to support the existing parties. As such, higher voter turnout should be associated with the success of new political parties. Considering this argument, we included the non-lagged version of this variable in our model. We used ParlGov online resources to retrieve the relevant data to our database ([Döring & Manow, 2016](#)).

Second, voter turnout measures electoral market failures, but not party system failures. We introduced this second problem in Chapter 3. Previous studies fail to distinguish both types of failures and, consequently, their differing impact in voting behavior. In short, the former prompts voters to abstain. The latter drives voters to increasingly support new party competitors. Misspecified theoretical considerations notwithstanding, the literature about new political parties lacks an adequate operational variable to measure the size of party system imbalances. Studies about democratic representation (e.g. [Downs, 1957](#); [Huber & Powell, 1994](#); [Stimson et al., 1995](#); [Ezrow & Xezonakis, 2011](#)), on the other hand, hint at a suitable indicator to this purpose: satisfaction with democracy.

This body of research considers political parties to be the main channel through which voters express their electoral demands (Sartori, 1976). Consequently, parties are a key institution, at least in western democracies, for political representation. Representative party choice appears to have a positive effect in the attitudes of citizens towards the system (Aarts & Thomassen, 2008), and thus fosters satisfaction with democracy. Then, the literature about democratic representation holds that “citizen satisfaction is enhanced when public policy reflects the preferences of the mean voter” (Ezrow & Xezonakis, 2011: 1152-1153). Ezrow & Xezonakis (2011) provide strong statistical evidence supporting this normative claim.

According to this rationale, we expect increasing satisfaction to democracy to hinder the success of new political parties, and vice-versa. Accordingly, we added to our database Eurobarometer survey results for the mean value of satisfaction with democracy of a representative sample of citizens of each country since 1980. This value ranges in a scale from 1 to 4, based on the following question:

On the whole, are you very satisfied (4), fairly satisfied (3), not very satisfied (2), or not at all satisfied (1) with the way democracy works in our country?

Each entry in our database corresponds to the last Eurobarometer datum available before each election date. We retrieved this data from Portal de Opinião Pública (2017) for observations from 1986 onwards, and Schmitt et al. (2008) for earlier observations. Both sources compile Eurobarometer survey results.

4.2.4 Economic conditions

As we indicated in the previous chapter, the economic voting literature has developed an extensive debate over the precise impact of the economic conditions in party choice. As a result, this body of research has relied on a considerable array of indicators to measure these conditions. These include gross domestic product (GDP) growth, unemployment, inflation, as well as retrospective and prospective economic perceptions, that hinge on either egotropic or sociotropic motivations. The new party literature, however, has yet to take on a similar debate. To be sure, studies about new extreme right-wing political parties focus on unemployment rates (e.g. Jackman & Volpert, 1996; Golder, 2003; Van der Brug et al., 2005). Still, the remaining literature strands primarily use GDP growth to measure economic conditions (e.g. Tavits, 2007; Kselman et al., 2016; Riera & Russo, 2016).

We adopt this same indicator so as to ensure some degree of comparability with extant empirical findings. We calculated this variable using data about GDP *per capita* at purchasing power parity (PPP) from the International Monetary Found’s website (IMF DataMapper, 2017). Having depicted the case selection, unit of analysis and the operational variables, we proceed in the next chapter with descriptive and inferential data analysis.

5 The Success of New Parties: Empirical Evidence

We use linear regression models fitted to panel data to test the theoretical expectations outlined in Chapter 3. These models are particularly appropriate to our research given that the universe of observations entails a time-series cross-national data structure and that the dependent variable can take any value within its theoretical range, thereby fitting into a continuous distribution. The panel structure of the dataset is likely to introduce heteroskedastic errors and autocorrelation within, but not across, countries (Stimson, 1985; Cameron & Miller, 2013). Indeed, residual-versus-fitted and country-time-series residual plots exhibit patterns consistent with both types of spherical errors. As such, we clustered standard errors by country. Clustered errors are heteroskedastic and autocorrelation consistent, and thus permit relaxing both assumptions of linear least-squares estimates (Cameron & Miller, 2013).

Table 5.1 provides a list and standard descriptive statistics of the operational variables included in our database. The dependent variable, the vote-share of new political parties in each election follows a long-tailed, positively skewed distribution, with most of its observations clustering below the mean (see Figure 5.1). The average vote-share of new political parties is 5.86 per cent, only surpassing 30 per cent in three elections (Greece in May 2012, Italy in 2013, and Spain in 2015). Only three electoral contests, all of them in Denmark, recorded no new competitors.

These data appear to corroborate some of our theoretical considerations. Equilibrating market mechanisms and incentives for voter coordination impede, to a large extent, the success of new political parties (hence the heavy skewness towards the low spectrum of the possible theoretical range). Still, these mechanisms seldom guarantee perfect balance between the electoral demands of voters and the programmatic supply of existing parties. This preliminary analysis also suggests that structural differences

Indicators	mean	st.dev	min	max	<i>n</i>
Vote-share of new parties	5.86	7.13	0	41.23	135
GDP <i>per capita</i> PPP	4.2	3.22	-6.53	12.95	135
Satisfaction with democracy	2.6	0.34	1.7	3.4	135
Voter turnout	77.13	9.77	55.8	94.54	135
Average magnitude	20.01	39.29	1	150	135
Electoral volatility (lag)	11.21	6.58	0.08	43.8	135

Table 5.1: Descriptive statistics

in political systems may explain, at least to some degree, the vote-share of new parties. This, in turn, requires us to employ appropriate statistical instruments to control for these differences.

We set four different model specifications. The first two estimate the linear effect of economic growth on the vote-share of new parties. The remaining two add an interaction term to test the conditional impact of economic growth on the electoral success of these new competitors at different levels of satisfaction with democracy.

The partial models thus include two main independent variables: economic growth (or more precisely, the year-over-year change in gross domestic product *per capita* at purchasing power parity), and average satisfaction with democracy prior to the electoral contests. These variables are also the constitutive terms for the interaction effect included in the conditional model specifications. We standardized satisfaction with democracy using z-scores to address an expected increase in multicollinearity levels when introducing the interaction term (see the last section of this chapter for more details). The full additive and conditional specifications also include the remaining operational variables described in Chapter 4: voter turnout, the electoral volatility in the previous election, and the average magnitude of electoral districts. We applied a logarithmic transformation to this last variable to account for its diminishing marginal impact on the dependent variable (Lago & Martínez, 2011).

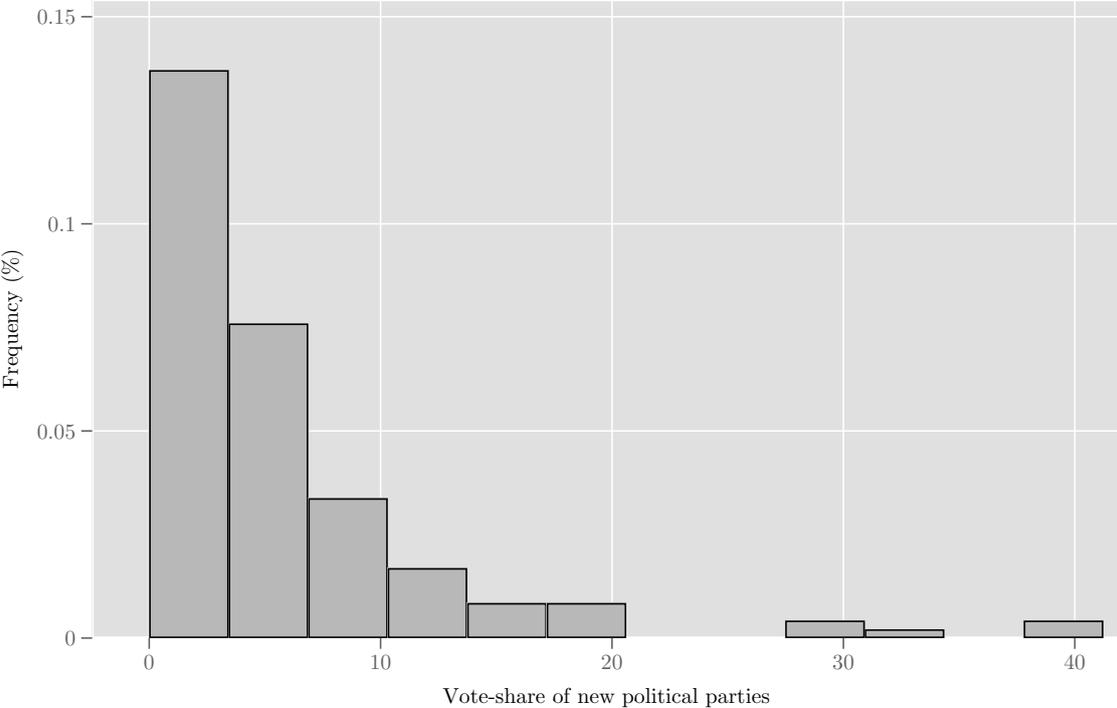


Figure 5.1: Frequency of the dependent variable

5.1 Discussion

Table 5.2 presents the results for the regression models positing the linear relationship between economic growth and the vote-share of new political parties. Controlling for all factors discussed in Chapter 3, the full model appears to be a better fit over the partial model. The electoral volatility in the previous elections has a significant effect on the dependent variable. New political parties seem to benefit from higher volatility in aggregate party choices, as voters are more likely to transfer their support between party alternatives over different elections. The remaining control variables in the full model specifications provide less encouraging results, though. Both the voter turnout and the average magnitude of electoral districts seem to have no influence on the vote-share of new party competitors.

The impact of the main explanatory variables on the electoral success of new entrants is pretty consistent across both the partial and full estimates. Satisfaction with democracy is significant and negatively associated with the dependent variable. This means that the electoral success of the new competitors is lower the more satisfied voters are with the way democracy works. The full model reports that an unit increase in satisfaction with democracy reduces the support for new entrants by 3.31 percentage points. This strongly supports the argument of existing studies about democratic representation that the attitudes of voters towards the system shape the extent to which they support new political parties (Aarts & Thomassen, 2008).

Variables	Partial Model	Full Model
Economic growth	-0.22 (0.21)	-0.27 (0.22)
Satisfaction with democracy	-3.27*** (0.68)	-3.31*** (0.60)
Voter turnout		0.08 (0.06)
Average magnitude (log)		-0.83 (0.96)
Electoral volatility (lag)		0.21*** (0.05)
α	6.81*** (1.19)	-0.41 (4.71)
R^2	0.24	0.28
n	135	135

Linear regression panel estimates. Robust standard errors adjusted for clustering by country in parentheses.

* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Table 5.2: Additive model specifications

Economic growth, on the other hand, seems to have no explanatory power on the dependent variable. This finding, coupled with the inconsistent empirical evidence reported in extant literature (see Chapter 2 for more details), suggest that there is no clear direct relationship between economic growth and the electoral success of new parties. As noted before, bad economic conditions do not necessarily assist new entrants, as voters may rather support opposition parties to punish incumbents (Tavits, 2007). As such, new competitors only truly benefit from bad economic conjunctures if voters are dissatisfied with existing party alternatives. Indeed, the conditional models we performed seem to support this argument.

Table 5.3 reports the results for these models. They assess the impact of economic growth on new party success taking into account the overall satisfaction with democracy among voters. The estimates include an interaction effect to test this contingent relationship. It is worth noting, however, that the interaction term makes the effect of an explanatory variable on the dependent variable hinge on a third variable. Therefore, directly interpreting the results reported in Table 5.3 for its constitutive terms should be avoided, as they capture the unconditional impact of those terms on the dependent variable (Brambor et al., 2005: 7). Properly interpreting these results instead requires analyzing the marginal effects of economic growth on the vote-share of new parties over different levels of satisfaction with democracy. We plotted these marginal effects in Figure 5.2 for the partial model, and Figure 5.3 for the full model.

Variables	Partial Model	Full Model
Economic growth	-0.15 (0.17)	-0.20 (0.16)
Satisfaction with democracy	-4.57*** (1.21)	-4.80*** (1.17)
Economic growth × Satisfaction with democracy	0.46** (0.15)	0.48** (0.16)
Voter turnout		0.11 (0.06)
Average magnitude (log)		-1.19 (1.03)
Electoral volatility (lag)		0.21*** (0.05)
α	6.21*** (1.14)	-3.43 (4.80)
R^2	0.29	0.34
n	135	135

Linear regression panel estimates. Robust standard errors adjusted for clustering by country in parentheses.

* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Table 5.3: Conditional model specifications

For the most part, the interactive relationship holds remarkably similar in both estimates. Their respective figures show that a percentage point increase in GDP per capita growth diminishes the vote-share of new entrants when the electorate is unsatisfied with the way democracy works¹. By extension, this means that a percentage point decrease in economic growth fosters the electoral success of new competitors. This relationship appears to be quite substantive. At the lowest levels of satisfaction with democracy, such unfavorable changes in economic conditions lead to a surge in the support for new parties by as much as 1.5 percentage points (Figure 5.3). These findings corroborate our first hypothesis. Adverse macroeconomic conjunctures allow new political parties to achieve greater electoral success if there is a considerable imbalance in the electoral market.

The impact of economic conditions diminishes as the satisfaction with democracy increases. Nevertheless, both figures 5.2 and 5.3 suggest that favorable changes in the general economy do actually benefit new political parties when voters are very satisfied with the way democracy works. This relationship appears barely reaches significant levels at 95 per cent confidence intervals. Still, this finding opposes our second hypothesis, that bad economic conditions have no effect on the emergence of new parties when there is no considerable supply-demand gap in the electoral market. Nevertheless, these findings clearly convey that the effect of economic performance on the success of new parties is not additive, as cross-national studies have implicitly portrayed in empirical analyses, but rather conditional to a second explanatory variable, related to party system failures.

Turning to the remaining variables, the reported results seem congruent with those of the full additive model. The lag of electoral volatility remains significant and in the expected direction. A percentage point increase is associated with a 0.21 percentage points increase in support for new party entrants. This supports the idea that electoral volatility in the previous elections do inform voters about the strategies of others in upcoming electoral contests. Higher volatility means less attachment to political parties, which consequently decreases the strategic concerns of voters about the viability of the new parties.

Voter turnout seems to have little influence on the electoral success of new party competitors. Nonetheless, the expected relationship seems to follow that of the predicted relationship, that higher voter turnout is associated with increases in the vote-share of new political parties.

Lastly, the log of average magnitude of electoral districts is also not a significant predictor of new party success. This finding is hardly novel in extant literature (e.g. [Kselman et al., 2016](#)). Several authors suggest that inconsistent evidence may result from not accounting for several other features of electoral systems that may influence its permissiveness at the national-level. These include legal thresholds, the size of national assemblies, upper-tier corrections, institutional incentives for party coordination across districts, and the geographical distribution of electoral groups ([Selb & Pituctin, 2010](#): 149). Some scholars have attempted to develop indicators to weight the formal constraints of electoral systems at the national level. The nationwide threshold

¹We labeled the x-coordinate units in Figure 5.2 and Figure 5.3 using the non-standardized values.

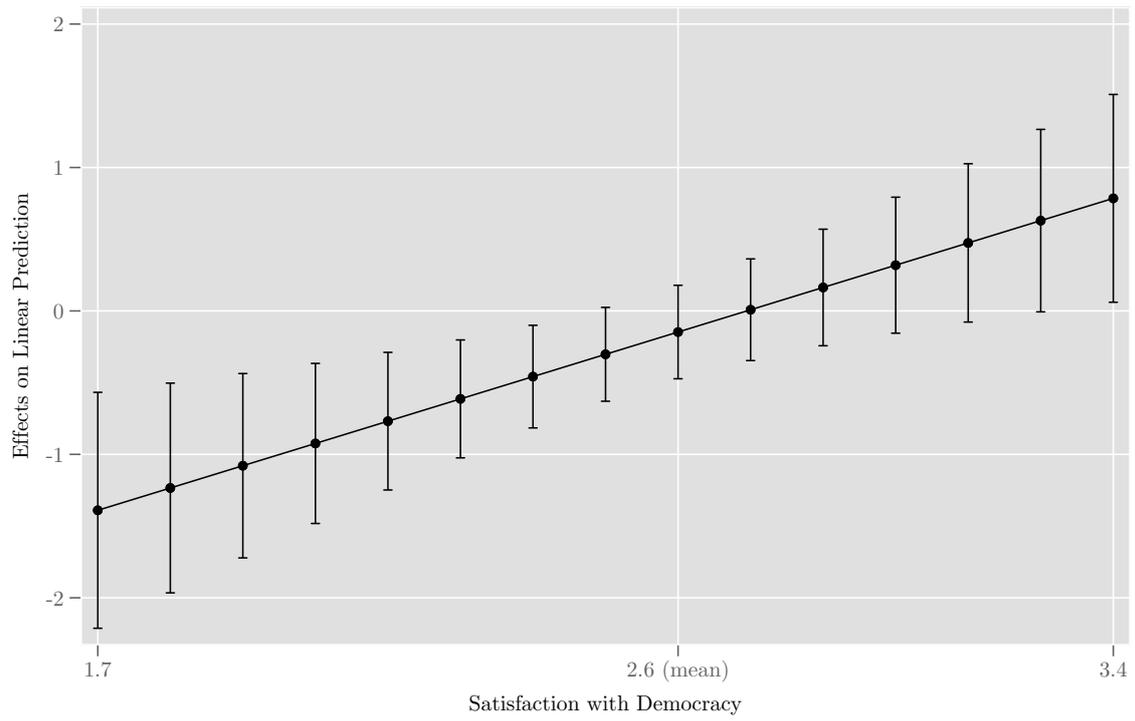


Figure 5.2: Partial conditional model – interaction effect

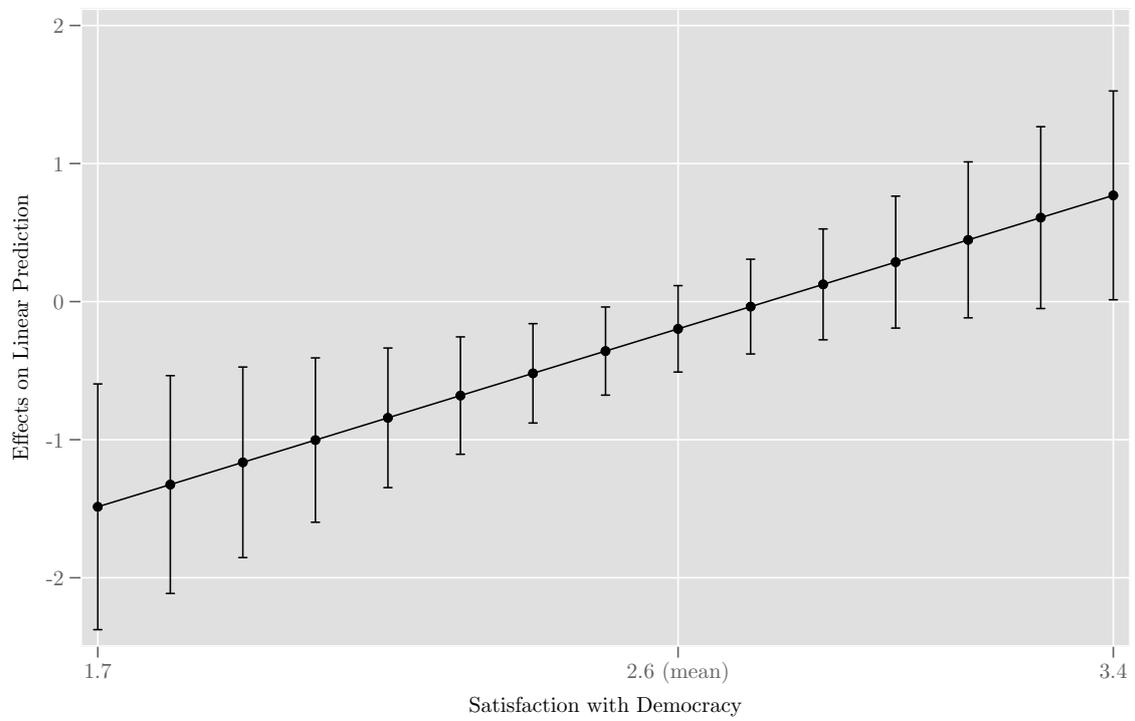


Figure 5.3: Full conditional model – interaction effect

of representation, developed by Taagepera (2002) is a notable example in this regard. However, these developments are still in their infancy. Current measures do not encompass all the aforementioned factors that might be relevant to define institutional openness. To be sure, we retested all estimates replacing the average magnitude with this threshold. We found no substantial changes worth reporting. Considering these theoretical and empirical shortcomings, we believe that future research should address the lack of a comprehensive measure of the permissiveness of electoral system at a nation-level (Selb & Pituctin, 2010: 156) to then predict its impact on the success of new parties.

5.2 Robustness tests

The interaction effects added to the conditional model specifications allowed us to test whether the impact of the economy on the success of new parties was dependent on the satisfaction with democracy among the electorate. Some complications may arise from including interaction terms in statistical models, though. In particular, they entail the possibility for multicollinearity, which may substantially change coefficient estimates. As such, we performed uncentered variance inflation factors tests (VIF tests) to evaluate this concern prior to estimating our models.

Variables	Model
Economic growth	−0.17 (0.16)
Satisfaction with democracy	−3.76*** (1.16)
Economic growth × Satisfaction with democracy	0.56** (0.17)
Voter turnout	0.02 (0.09)
Average magnitude (log)	−1.52 (1.75)
Electoral volatility (lag)	0.11* (0.05)
α	−2.29 (7.11)
R^2	0.25
n	135

Linear regression panel estimates. Robust standard errors adjusted for clustering by country in parentheses.

* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Table 5.4: Full conditional model with fixed effects

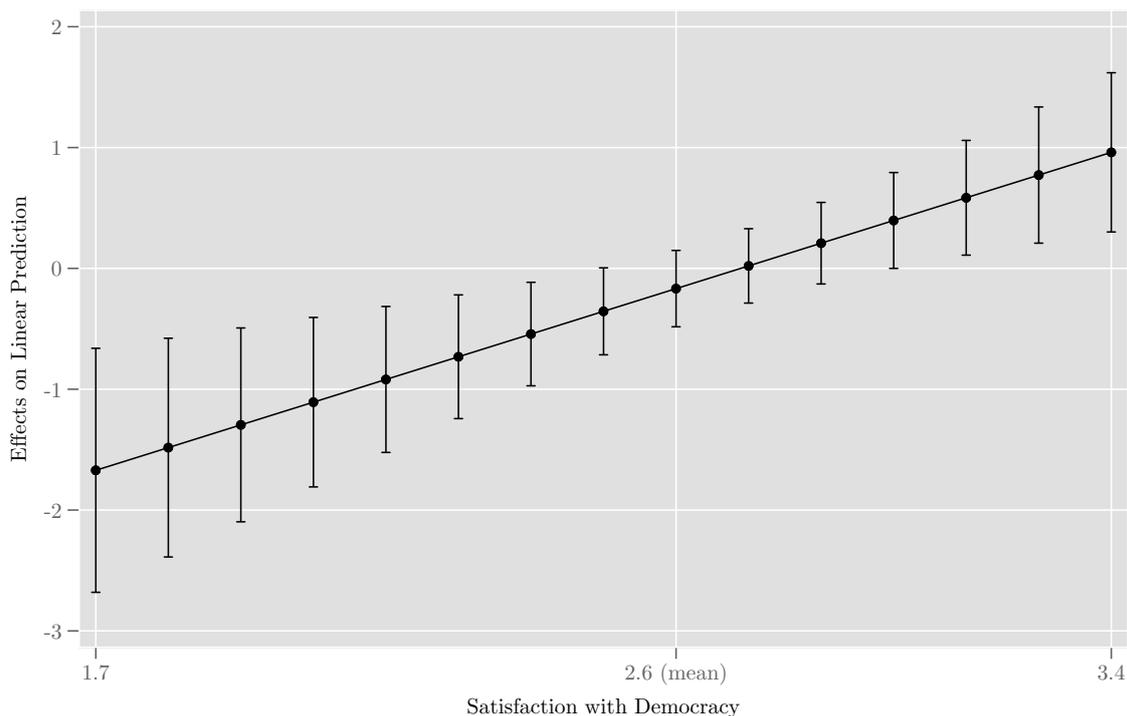


Figure 5.4: Full conditional model with fixed effects – interaction effect

As expected, we found extremely high levels of multicollinearity in the conditional models. To address this issue, we standardized one of the constitutive interaction terms, satisfaction with democracy, using z-score transformations. Retesting VIF yielded results quite analogous to those of additive model specifications and well within the acceptable range (below 10). Average VIF in the full conditional model reported above is 3.74, with the higher value being 7.96 for voter turnout.

Since this interaction effect is arguably the main theoretical contribution of our thesis, we also sought to test its robustness in the presence of potential cofounders of satisfaction with democracy. We performed several estimates which added another interaction term. This term estimated the effect of economic growth on the success of new parties contingent on various variables that are thought to be correlated with satisfaction with democracy. These include age of democracy (and its log), the number of previous parliamentary elections, GDP, GDP *per capita*, voter turnout, and polarization. The added interaction terms for GDP and GDP per capita appear to increase the significance of the main interaction effect at high levels of satisfaction with democracy, whereas the term for polarization decreases its significance. These changes, however, seem not to have any substantive impact on the results depicted above, in the full conditional model. The remaining estimates hold similar patterns to those observed in said model, as well.

Finally, we attempted to assess the extent to which unobserved heterogeneity at country-level affects preceding estimates. This is particularly concerning given that the descriptive analysis of the dependent variable hinted structural differences among

different countries may explain, at least to a certain extent, the electoral success of new parties. To address this concern, we performed two different tests.

First, we carried out seventeen estimates of the full conditional model, adding a dummy variable for each country at a time. Overall, this test captured significant structural factors in six countries. These factors seem to increase the vote-share of new political parties in Austria, France, and Italy. Conversely, they appear to hinder the success of the new entrants in Belgium, Germany, and Portugal. Notwithstanding, we found no notable changes in estimated results for the other variables. Voter turnout did become a significant predictor of new party success at 95 per cent confidence level when introducing dummies for Belgium, as well as France. Its impact remains positive, thus providing some feeble evidence to support our theoretical claim that higher turnout levels are associated with the electoral success of new party competitors. Furthermore, we retested the final model with fixed effects to check whether the independent variables were correlated within clusters (Table 5.4.). Unsurprisingly, we found the impact of turnout on new party success to drop considerably, as formal institutions and electoral rules of political systems do play an important role in determining its size (Jackman, 1987; Blais & Carty, 1990; Blais, 2006). Still, satisfaction with democracy and the electoral volatility in previous elections remained significant at 99 and 95 per cent confidence levels, respectively. Lastly, the interaction shows similar findings to those of the partial and full models with no fixed effects. Marginal effects also suggest that increases in economic growth do actually soar the vote-share for new political parties when the electorate is satisfied with the way democracy works. This further reinforces prior evidence rejecting our second hypothesis, that economic conditions have no impact on the success of new entrants when the electoral market is in equilibrium.

6 Conclusion

This dissertation sought to evaluate how economics influence the the emergence of new political parties. We hypothesized that new entrants benefit from bad economic conditions if voters are discontented with existing parties. In contrast, we expected the economy to have no meaningful effect on the electoral success of new competitors if voters, on the other hand, are generally satisfied with existing party alternatives. Our findings support the former hypothesis, but also suggest some opposing evidence with regards to the later. It seems that economic growth is actually advantageous to new political parties when there is no significant imbalance between the electoral demands of voters and the political offerings of existing parties.

Despite this counterintuitive finding, the results reported in Chapter 5 support the idea that the precise impact of the state of the general economy on new party success depends on the size of party system imbalances. This explains why previous cross-national studies have not found compelling evidence supporting the economic voter hypothesis. These studies did not portray this interactive relationship, focusing instead on the unconditional impact of the economic conjuncture on the electoral fortune of the new entrants. These results add to a series of other conceptual, theoretical, methodological, and empirical contributions introduced throughout the dissertation.

With regard to the conceptual contributions, we devised a novel classification to define ‘new electoral competitors’. These competitors comprise all political parties that contest elections but have yet to place at least one of their candidates into the national legislatures. This definition hinges on the seminal study of Pedersen (1982) on the major milestones of party lifespans, and thus disposes of self-selected categorizations and discretionary cutoff points presented in the various definitions proposed in previous studies.

We further identified the circumstances of formation that distinguish genuinely new political parties from other types of new electoral competitors. This classification rests on considerations about the expected impact of the new entrant on party and electoral competition. We considered start-up organizations and minor splits of existing parties to be genuinely new political parties as they destabilize established patterns of party competition and attempt to take advantage of failures in the electoral market to mobilize voters. The impact of these competitors contrast with those that emerge from mergers, electoral alliances, and reorganizations of former parties. These new entrants seek to prevent market failures in the first place, and cartelize electoral competition around already established political actors. As such, we did not consider these circumstances of formation to form genuinely new political parties.

Turning to the theoretical contributions, we emphasized the inadequacy of existing theoretical frameworks to explain the success of new political parties. These frameworks primarily deal with new party formation and therefore focus on the strategic considerations of rational political actors in explaining entry decisions. The proponents of these frameworks argue that these entry decisions hinge on prospective electoral success, thus allowing their models to provide a proper understanding about this phenomenon (Hug,

2001; Tavits, 2007; Zons, 2015). While this makes for a compelling argument, simple descriptive evidence suggests no link between entry decisions and electoral success (see Chapter 3). Taking this into account, we devised a new theoretical model that rests on the voting decisions of citizens, i.e. the actors that directly determine the electoral success of new entrants.

Owing to this model, we hypothesized the interactive relationship between economics and market failures in explaining new party success. We also noticed a preeminent flaw in previous studies devising theoretical frameworks around market failures. These studies failed to identify two distinctive types of failures. First, imbalances in the party system, whereby voters are dissatisfied with the existing partisan choices. Second, imbalances in the electoral market as a whole, whereby voters are discontent with all party alternatives available to them, including new competitors. This distinction is highly important, as these different market failures cause voters to express their discontent with two possible ways. The former prompt them to support new political parties; the latter to abstain.

In respect to the methodological contributions, we emphasized the obstacles in using the new political parties as the basic unit of observation in cross-national designs. Information about the individual characteristics of the new competitors is exiguous, because the new entrants are often small and transient, with hardly any substantial impact in politics. This greatly hinders the feasibility of cross-national studies which seek to include party-level variables in their statistical analyses (at least without recurring to a self-selected sample). Considering this shortcoming, we used elections as the basic unit of analysis in our research.

The main empirical contributions of this dissertation rest on the aforementioned contingent nature of the relationship between economic growth and new party success. Nonetheless, we also introduced new operational variables that proved quite influential in explaining the extent to which new entrants benefit from electoral outcomes: satisfaction with democracy (weighing the size of party system failures); and the lag of electoral volatility (measuring the strength of voters' affiliation with existing parties). The operationalization of these enabling factors hinged on the theoretical and empirical underpinnings of other literature strands in political science.

The literature about democratic representation provides the foundation to the former variable. This strand asserts that representative party choice has a positive effect on the attitudes of citizens towards the system, thereby increasing overall satisfaction of voters with the way democracy works (Aarts & Thomassen, 2008; Ezrow & Xezonakis, 2011). Our findings suggest high satisfaction with democracy to diminish the vote-share for new political parties.

In turn, some recent work in the literature on party system change supports the rationale for the latter variable, the electoral volatility in previous elections. Unstable patterns of voting behavior signals voters about the chance for voter recoordination favoring new political parties (Bischoff, 2013) in the presence of electoral market failures. Conversely, voters expect such recoordination to be less likely when electoral outcomes remain stable across elections, as voters appear more attached to their traditional party choices. Our findings corroborate this argument as well, suggesting that high electoral volatility increase the vote-share of new entrants.

Interestingly, we did not find compelling evidence linking voter turnout and the average district magnitude, two widely used variables in extant literature, to the success of new political parties. In particular, the exiguous evidence about the impact of the latter variable seems to derive from the lack of truly comprehensive measures of the mechanical constraints imposed by electoral rules (Selb & Pituctin, 2010). Indeed, the indicators we tested, average magnitude of electoral districts and effective thresholds, do not control for a myriad of other factors that may influence the nationwide openness of electoral systems.

These weak findings join a methodological shortcoming posed in our study. Using elections as the basic unit of analysis, the empirical tests can only explain the aggregate success of new political parties. Therefore, they are unable to assess why some new parties succeed while others do not. To be fair, this is not theoretically relevant to our research question. However, previous studies have already suggested that the characteristics of new political parties do actually influence whether they can achieve electoral success (e.g. Lucardie, 2000; Golder, 2003; Bolleyer & Bytzek, 2013). This means that this modeling strategy can potentially lead to type 1 errors if the characteristics of the new competitors are potential confounders or, at the very least, correlated with the enabling election-level and country-level drivers of new party success. As such, we believe that further research should attempt to test the hypotheses depicted in Chapter 3 in comparative studies of parties that share common attributes, and in case studies focusing on individual political parties. These research designs remove unobserved heterogeneity at the party-level thus allowing to test the robustness of the aforementioned theoretical expectations, that the impact of the economy on the success of new political party depends on the extent to which voters are dissatisfied with the offerings of existing parties.

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List of Sources of Electoral Data

Country	Year	Source	Retrieved
Austria	1999	Brancati (2017)	27/02/2017
Austria	2002	Brancati (2017)	27/02/2017
Austria	2006	Brancati (2017)	27/02/2017
Austria	2008	Brancati (2017)	27/02/2017
Austria	2013	Austrian Federal Ministry of the Interior	27/02/2017
Belgium	1981	Belgium Electoral Commission	27/02/2017
Belgium	1985	Belgium Electoral Commission	27/02/2017
Belgium	1987	Belgium Electoral Commission	27/02/2017
Belgium	1991	Belgium Electoral Commission	27/02/2017
Belgium	1995	Belgium Electoral Commission	27/02/2017
Belgium	1999	Belgium Electoral Commission	27/02/2017
Belgium	2003	Belgium Electoral Commission	27/02/2017
Belgium	2007	Service public fédéral Intérieur	27/02/2017
Belgium	2010	Service public fédéral Intérieur	27/02/2017
Belgium	2014	Service public fédéral Intérieur	27/02/2017
Cyprus	2006	Cypriot Ministry of the Interior	27/02/2017
Cyprus	2011	Cypriot Ministry of the Interior	27/02/2017
Denmark	1981	Nohlen and Stöver (2010)	
Denmark	1984	Nohlen and Stöver (2010)	
Denmark	1987	Nohlen and Stöver (2010)	
Denmark	1988	Nohlen and Stöver (2010)	
Denmark	1990	Nohlen and Stöver (2010)	
Denmark	1994	Nohlen and Stöver (2010)	
Denmark	1998	Nohlen and Stöver (2010)	
Denmark	2001	Nohlen and Stöver (2010)	
Denmark	2005	Nohlen and Stöver (2010)	
Denmark	2007	Nohlen and Stöver (2010)	

Denmark	2011	Statistics Denmark	27/02/2017
Denmark	2015	Statistics Denmark	27/02/2017
Finland	1995	Brancati (2017)	27/02/2017
Finland	1999	Brancati (2017)	27/02/2017
Finland	2003	Brancati (2017)	27/02/2017
Finland	2007	Brancati (2017)	27/02/2017
Finland	2011	yle.fi	28/02/2017
Finland	2015	yle.fi	28/02/2017
France	1981	Nohlen and Stöver (2010)	
France	1986	Nohlen and Stöver (2010)	
France	1988	Nohlen and Stöver (2010)	
France	1993	Nohlen and Stöver (2010)	
France	1997	Nohlen and Stöver (2010)	
France	2002	Brancati (2017)	28/02/2017
France	2007	Brancati (2017)	28/02/2017
France	2012	Wikipedia	28/02/2017
Germany	1983	German Federal Returning Officer	28/02/2017
Germany	1987	German Federal Returning Officer	28/02/2017
Germany	1990	German Federal Returning Officer	28/02/2017
Germany	1994	German Federal Returning Officer	28/02/2017
Germany	1998	German Federal Returning Officer	28/02/2017
Germany	2002	German Federal Returning Officer	28/02/2017
Germany	2005	German Federal Returning Officer	28/02/2017
Germany	2009	German Federal Returning Officer	28/02/2017
Germany	2013	German Federal Returning Officer	28/02/2017
Greece	1989a	Nohlen and Stöver (2010)	
Greece	1989b	Nohlen and Stöver (2010)	
Greece	1990	Nohlen and Stöver (2010)	
Greece	1993	Nohlen and Stöver (2010)	
Greece	1996	Nohlen and Stöver (2010)	
Greece	2000	Nohlen and Stöver (2010)	
Greece	2004	Nohlen and Stöver (2010)	
Greece	2007	Greek Ministry of the Interior	28/02/2017

Greece	2009	Greek Ministry of the Interior	28/02/2017
Greece	2012a	Greek Ministry of the Interior	28/02/2017
Greece	2012b	Greek Ministry of the Interior	28/02/2017
Greece	2015a	Greek Ministry of the Interior	28/02/2017
Greece	2015b	Greek Ministry of the Interior	28/02/2017
Ireland	1981	Nohlen and Stöver (2010)	
Ireland	1982a	Nohlen and Stöver (2010)	
Ireland	1982b	Nohlen and Stöver (2010)	
Ireland	1987	Nohlen and Stöver (2010)	
Ireland	1989	Nohlen and Stöver (2010)	
Ireland	1992	Nohlen and Stöver (2010)	
Ireland	1997	Nohlen and Stöver (2010)	
Ireland	2002	Nohlen and Stöver (2010)	
Ireland	2007	Wikipedia	28/02/2017
Ireland	2011	Wikipedia	28/02/2017
Italy	1983	Italian Ministry of the Interior	28/02/2017
Italy	1987	Italian Ministry of the Interior	28/02/2017
Italy	1992	Italian Ministry of the Interior	28/02/2017
Italy	1994	Italian Ministry of the Interior	28/02/2017
Italy	1996	Italian Ministry of the Interior	28/02/2017
Italy	2001	Italian Ministry of the Interior	28/02/2017
Italy	2006	Italian Ministry of the Interior	28/02/2017
Italy	2008	Italian Ministry of the Interior	28/02/2017
Italy	2013	Italian Ministry of the Interior	28/02/2017
Luxembourg	1983	Brancati (2017)	28/02/2017
Luxembourg	1989	Brancati (2017)	28/02/2017
Luxembourg	1994	Brancati (2017)	28/02/2017
Luxembourg	1999	Brancati (2017)	28/02/2017
Luxembourg	2004	Brancati (2017)	28/02/2017
Luxembourg	2009	Brancati (2017)	28/02/2017
Luxembourg	2013	The Government of Luxembourg	28/02/2017
Malta	2008	Wikipedia	28/02/2017
Malta	2013	Wikipedia	28/02/2017

Netherlands	1981	Brancati (2017)	28/02/2017
Netherlands	1982	Brancati (2017)	28/02/2017
Netherlands	1986	Brancati (2017)	28/02/2017
Netherlands	1989	Brancati (2017)	28/02/2017
Netherlands	1994	Brancati (2017)	28/02/2017
Netherlands	1998	Brancati (2017)	28/02/2017
Netherlands	2002	Brancati (2017)	28/02/2017
Netherlands	2003	Brancati (2017)	28/02/2017
Netherlands	2006	Brancati (2017)	28/02/2017
Netherlands	2010	Wikipedia	28/02/2017
Netherlands	2012	Wikipedia	28/02/2017
Portugal	1987	Portuguese National Electoral Comission	28/02/2017
Portugal	1991	Portuguese National Electoral Comission	28/02/2017
Portugal	1995	Portuguese National Electoral Comission	28/02/2017
Portugal	1999	Portuguese National Electoral Comission	28/02/2017
Portugal	2002	Portuguese National Electoral Comission	28/02/2017
Portugal	2005	Portuguese National Electoral Comission	28/02/2017
Portugal	2009	Portuguese National Electoral Comission	28/02/2017
Portugal	2011	Portuguese National Electoral Comission	28/02/2017
Portugal	2015	Portuguese National Electoral Comission	28/02/2017
Spain	1986	Spanish Ministry of the Interior	28/02/2017
Spain	1989	Spanish Ministry of the Interior	28/02/2017
Spain	1993	Spanish Ministry of the Interior	28/02/2017
Spain	1996	Spanish Ministry of the Interior	28/02/2017
Spain	2000	Spanish Ministry of the Interior	28/02/2017
Spain	2004	Spanish Ministry of the Interior	28/02/2017
Spain	2008	Spanish Ministry of the Interior	28/02/2017
Spain	2011	Spanish Ministry of the Interior	28/02/2017
Spain	2015	Spanish Ministry of the Interior	28/02/2017
Sweden	1998	Wikipedia	28/02/2017
Sweden	2002	Wikipedia	28/02/2017
Sweden	2006	Wikipedia	28/02/2017
Sweden	2010	Wikipedia	28/02/2017

Sweden	2014	Wikipedia	28/02/2017
UK	1983	Boothroyd (2009)	28/02/2017
UK	1987	Boothroyd (2009)	28/02/2017
UK	1992	Boothroyd (2009)	28/02/2017
UK	1997	Boothroyd (2009)	28/02/2017
UK	2001	Boothroyd (2009)	28/02/2017
UK	2005	Boothroyd (2009)	28/02/2017
UK	2010	The Guardian	28/02/2017
UK	2015	The Guardian	28/02/2017
