PARTY SYSTEM INSTITUTIONALIZATION AND GOVERNMENT FORMATION IN NEW DEMOCRACIES

By LEE SAVAGE*

THE process of government formation in parliamentary democracies has far-reaching implications for the delegation of power, accountability, and policy outcomes. Although much has been written on government formation, the literature largely focuses on established, mainly West European democracies in which institutions are stable, actors are politically socialized in the system, and voters are routinely faced with a familiar array of choices at elections.[1] Conversely, very little is known about government formation in new democracies where these features are less evident. Can we reasonably expect the explanations for government formation in long-established democracies to "travel" to new democracies? If not, what else must we take into account?

One key difference between established and new democracies is the extent of party system institutionalization.[2] Party systems set the parameters within which coalition bargaining takes place. They also provide political actors with the information—about relative party strength and ideological positions—needed to make strategic calculations on potential coalition configurations. But in new democracies, party systems are less institutionalized and therefore lack the patterned interactions between parties that are evident in established democracies. Instead, parties' parliamentary strength can fluctuate considerably

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[1] For example, see Druckman 2008; Glasgow, Golder, and Golder 2011; Glasgow, Golder, and Golder 2012; Laver and Schofield 1990; Laver and Shepsle 1996; Martin and Stevenson 2001; Martin and Stevenson 2010; Volden and Carrubba 2004.

[2] Mainwaring and Scully 1995; Mainwaring and Zoco 2007.

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from election to election, new relevant parties frequently emerge onto the political scene, and parties fail to develop the stable programmatic appeals that other actors in the bargaining process can use as informative cues for decision making. All these factors introduce a greater level of uncertainty into the coalition formation process.

In this article, I argue that weak party system institutionalization has three implications for government formation in new democracies. First, incumbents in established democracies are generally thought to hold an advantage in the coalition formation process,[3] but when party systems are not institutionalized, incumbents may be weakened or even excluded from parliament following the next round of elections.[4] Second, former dominant parties can inhibit the development of programmatic interaction between participants in the coalition formation process.[5] Third, the entry of new parties that are unknown entities can add much uncertainty to the coalition bargaining process. This is exacerbated in new democracies, where weakly institutionalized party systems can allow new parties to enter the bargaining process with considerable legislative strength.[6]

My research makes three contributions to the existing literature. It is the first study of government formation that examines the effect of party system institutionalization and focuses specifically on the differences that arise when party systems are weakly institutionalized. It highlights some of the distinctive features of government formation in new democracies. And it is the first study of government formation in new democracies that is methodologically comparable to the leading research on Western Europe in which the government formation opportunity is selected as the unit of analysis.

The analysis is based on a new data set of 27,000 potential governments in ten new democracies in Central and Eastern Europe (CEE) between 1990 and 2011.[7] Previous studies of government formation in new democracies have adopted empirical strategies that use individual parties[8] or cabinet coalition status as the unit of analysis.[9] While these studies have produced interesting results, the central question for scholars of government formation is not why a particular party got into

[3] Martin and Stevenson 2010.
[4] Roberts 2008.
[5] Grzymala-Busse 2001.
[6] Tavits 2008a.
[7] All data and code needed to replicate the results of this are available at https://leemsavage.wordpress.com/publications/.
[8] Alemán and Tsebelis 2011; Altman 2000; Döring and Hellström 2013; Druckman and Roberts 2007.
[9] Amorim Neto 2006; Cheibub, Przeworski, and Saiegh 2004.

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government, but why one coalition was chosen over the available alternatives in any given bargaining situation.

Providing answers to this question requires data for every potential government that could form in each formation opportunity. It also requires an estimation strategy that takes into account the fact that potential governments are interrelated: if one potential government is more likely to form the cabinet, then other alternatives will be less likely.[10] I address this issue by using the mixed-effects logit model as described by Garrett Glasgow, Matt Golder, and Sona Golder.[11]

The results of the analysis support the proposition that weak party system institutionalization influences government formation in new democracies. Potential coalitions that closely resemble the incumbent government are less likely to take office when the formation opportunity occurs following an election. This scenario reflects the volatility of incumbent-party bargaining power, which tends to decline as governments in new democracies fail to fulfill policy expectations and engage in clientelist or corrupt practices. In contrast, incumbency is an advantage when the formation opportunity arises during a parliamentary term. This development is an indicator of the incoherence of interactions between opposition parties in the legislature—another characteristic of weak party system institutionalization.

The results also show that former dominant parties are much less likely to form the government, an effect that becomes stronger in later elections. The communist successor parties (CSP) have been placed at a systematic disadvantage in the coalition-formation process by their inability to develop the kind of programmatic links with the electorate that are common to institutionalized parties. Their failure to form political alliances with other parties based on ideological congruence creates a disadvantage as well. Finally, and contrary to expectations, the results indicate that although new parties achieve notable electoral success in CEE, a potential coalition that contains a new party is less likely to form the cabinet than other potential coalitions. This finding, however, is not statistically significant. On this particular dimension, weak party system institutionalization does not influence government formation in new democracies.

Taken together, these results provide new insights into the determinants of government formation. The data draw specifically on the new democracies of CEE, where the parliamentary institutional arrangements

[10] Glasgow, Golder, and Golder 2012; Martin and Stevenson 2001.
[11] Glasgow, Golder, and Golder, 2012.

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are comparable to those commonly found in Western Europe,[12] but the implications of this research could potentially apply to presidential multiparty systems elsewhere. In the new democracies of Latin America, for example, it is argued that strong incentives for legislative coalition-building exist despite the absence of the executive's need to retain the confidence of the legislature.[13]

Party System Institutionalization and Government Formation

The theoretical literature on government formation offers a large number of explanations that have informed empirical research.[14] Early theories on office seeking provide the expectation that actors in the government formation process will seek to form minimal winning governments.[15] Policy-seeking models emphasize the importance of ideological compatibility between coalition partners and the parties' strategic position in the policy space.[16] Recently, scholars have sought to demonstrate the centrality of institutions, focusing on the importance of portfolio allocation, the structure of the bargaining process, and the formal and informal rules of the game.[17]

A common thread that runs through the theoretical literature is the assumption that the current bargaining environment contains all the information actors need to make decisions regarding coalition formation. Prior experience, historical factors, and past behavior are absent from almost all theories.[18] This is surprising, as we know from empirical studies that parties' past behavior influences coalition membership.[19] Research has also shown that parties prefer to form coalitions with familiar partners.[20] When actors in the government formation process are selecting coalition partners, there is less uncertainty when they can draw on experience and use retrospective judgments of other actors.

But the capacity to use experience and retrospective judgment is undermined when actors in the formation process frequently change

[12] Glasgow, Golder, and Golder 2012; Martin and Stevenson 2001.

[13] Alemán and Tsebelis 2011; Cheibub, Przeworski, and Saiegh 2004; Foweraker 1998; Martínez-Gallardo 2012.

[14] For a comprehensive test of hypotheses derived from the theoretical literature see Martin and Stevenson 2001.

[15] Riker 1962; von Neumann and Morgenstern 1953.

[16] Austen-Smith and Banks 1988; Baron 1991; de Swaan 1973.

[17] Austen-Smith and Banks 1990; Baron 1991; Laver and Shepsle 1996; Mershon 1994.

[18] Mershon 1994 is a notable exception to this statement.

[19] Tavits 2008b.

[20] Mair 1998; Martin and Stevenson 2010.

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identity, policy preferences, or relative strength in the legislature. This points to the importance of patterned interactions between actors in the government formation process—interactions that only occur when party systems are institutionalized. Most studies of party system institutionalization begin from Samuel P. Huntington's definition of institutionalization: "The process by which organizations and procedures acquire value and stability."[21] For party systems, institutionalization means that "actors entertain clear and stable expectations about the behavior of other actors, and hence about the fundamental contours and rules of party competition and behavior."[22]

More concretely, Scott Mainwaring and Timothy Scully identify four conditions of institutionalized party systems. First, patterns of party competition should exhibit some regularity. If the relevant parties' identity or electoral strength is subject to complete change or high levels of fluctuation, a party system is not institutionalized. Second, parties should have stable roots in society, enabling them to structure preferences and ensure regularity in how people vote. Third, major political actors should adhere to and respect the electoral process and political parties, thus acquiring legitimacy. Fourth, party organizations are not subordinated to the party leader.[23]

In this research I focus on the first of these criteria, which Mainwaring and Scully consider the most important condition in their framework. I argue that the stability of politically relevant parties is the defining characteristic of an institutionalized party system. This stability is exhibited by low levels of fluctuation in party vote share and by coherent patterns of interaction between parties, based on ideological congruence. Stability or instability results primarily from elections, which is what most studies of party system institutionalization focus on.[24]

The institutionalization of the party system has far-reaching implications for government formation. Party systems provide the essential structure of the coalition-bargaining environment, as they contain information on the parties' relative bargaining weights and preferences. Each party in the system uses this information when making decisions on potential coalition partners. What distinguishes party systems in new democracies from those of established democracies is the lack of

[21] Huntington 1968, 12.
[22] Mainwaring 1998.
[23] Mainwaring and Scully 1995.
[24] Bielasiak 2002; Hicken and Martinez Kuhonta 2011; Mainwaring and Scully 1995; Mainwaring and Zoco 2007.

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routinized interactions between parties, which brings a higher level of uncertainty.[25] Of course, uncertainty can never be completely eliminated from decision making. But where party systems are institutionalized, actors can make reasonable estimates of the policy preferences of other parties and their likelihood of retaining legislative strength following an election.

Numerous empirical studies have shown that the party systems of new democracies are weakly institutionalized compared to those of established democracies.[26] The most common measure used to demonstrate this is electoral volatility, which assesses the stability of party competition. In established democracies, the average volatility since the inauguration of democracy has been eleven points, as measured by the Pedersen index. In new democracies, however, this average rises to thirty-five points; in CEE it is higher still, at forty-two points.[27]

Furthermore, new parties have found it easy to gain electoral support and break into party systems in new democracies—an indicator of open and unstable structures of party competition.[28] Between 1990 and 2004, an average of 5.6 new parties emerged at each election in CEE, with an average vote share of 19 percent. Mainwaring, Ana Maria Bejarano, and Eduardo Pizzaro Leongómez find that new parties received 35 percent of the vote between 1990 and 2002 in five Latin American countries.[29] In comparison, between 1945 and 1991 an average of only one new party entered West European party systems at each election, winning an average of just 2 percent of the vote.[30]

Another measure of party system institutionalization is the level of partisanship among the electorate—an indicator of the rootedness of political parties in society. High levels of partisanship can serve to stabilize party vote shares and thus reduce electoral volatility.[31] Partisanship tends to be lower in new democracies, with 37 percent of voters expressing partisan attachment compared to 54 percent in established democracies.[32] There are, of course, variations within the universe of new

[25] Mainwaring and Scully 1995; Mainwaring and Torcal 2006.

[26] Bielasiak 2002; Casal Bértoa 2012; Hicken and Martinez Kuhonta 2011; Mainwaring and Scully 1995; Stockton 2001. There are exceptions to this general finding. Though Italy has been democratic since 1945, its current party system was established in the early 1990s and remains quite weakly institutionalized.

[27] Author's calculations based on data from Mainwaring and Zoco 2007, Table 1. The Pedersen index runs from 0 to 100, with higher values indicating greater volatility.

[28] Mair 1998, 211.

[29] Mainwaring, Bejarano, and Leongómez 2006; Tavits 2008a.

[30] Hug 2001. The rate of new party entry into party systems in established democracies has increased marginally over the past two decades. Using data from Bolleyer 2014, Table 2.1, p. 219, I calculate that an average of 0.67 new parties emerged at each election between 1968 and 1989, compared to 0.69 at each election post-1989 up to 2011.

[31] Dalton and Weldon 2007.

[32] Dalton and Weldon 2007.

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democracies. Noam Lupu, for example, has shown that partisanship in parts of Latin America resembles that of established democracies.[33]

These findings indicate that the patterns of interaction between parties in the coalition bargaining environment can change substantially from one formation opportunity to the next, which suggests that some of the regularities associated with government formation in the established literature may be absent or function differently in new democracies. Additional factors specific to new democracies must also be considered. In the following sections, I outline three implications of weak party system institutionalization for government formation.

Hypotheses

The Incumbency (Dis)advantage

Incumbency is usually seen as an advantage for participants in the government formation process.[34] G. Bingham Powell finds that following an election incumbents held on to office around 44 percent of the time and were replaced just 17 percent of the time.[35] Lanny Martin and Randolph Stevenson show that 35 percent of incumbent coalition governments were immediately returned to office.[36]

Two factors provide the theoretical foundations of the incumbency advantage. First, parties tend to form governments with previous coalition allies because the parties are familiar with their allies' policy preferences, internal constraints, and working modes. Previous experience of working together also reduces the bargaining costs of government formation.[37] Second, some institutional rules and practices favor incumbents. An incumbent cabinet can act as a reversion point in coalition negotiations, thus gaining an advantage if a new alternative government cannot be formed.[38] The rules for selecting a *formateur* can also give incumbents an advantage. In some systems incumbent parties are given the first opportunity to form a new government,[39] and the party of the incumbent prime minister is more likely to be selected as the formateur.[40] The prime minister will generally favor forming a new cabinet with previous governing allies, unless poor election results or in-

[33] Lupu 2015.
[34] Martin and Stevenson 2001; Martin and Stevenson 2010; Franklin and Mackie 1984; Bäck and Dumont 2008.
[35] Powell 2000.
[36] Martin and Stevenson 2001.
[37] Martin and Stevenson 2010.
[38] Laver and Shepsle 1996; Martin and Stevenson 2010.
[39] Diermeier and van Roozendaal 1998.
[40] Bäck and Dumont 2008.

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tracoalition disputes preclude this. But the effect of the constitutional rules of government formation can be discounted in some new democracies. For example, no CEE country gives incumbents the first shot at forming a new government. In most instances, convention dictates that the head of state or the speaker of the legislature asks the largest party in the legislature to try to form a government.[41]

The observable incumbency advantage in established democracies leads Michael Bernhard and Ekrem Karakoç to note that incumbency disadvantage is evidence of irregular patterns of party competition.[42] By deduction, then, we may expect to find an incumbency disadvantage in those new democracies where party competition is less regularized, due to weak party system institutionalization. Prior research shows that incumbents in Latin America and the Caribbean tend not to be returned to office.[43]

Similarly, Andrew Roberts finds that just under one-third of governing parties in CEE were returned to office following an election; only two of the thirty-four incumbent governments he examined were returned in their entirety.[44] Single-country studies of Brazil and India also report evidence of an incumbency disadvantage.[45] Conversely, two sets of researchers, James Druckman and Andrew Roberts, and Holger Döring and Johan Hellström, find that incumbent parties in CEE are more likely to become members of the new cabinet.[46]

The existing literature indicates a link between weakly institutionalized party systems and incumbency disadvantage. What accounts for this? The principal explanation is that incumbents are most likely to be affected by the high levels of electoral volatility that afflict new democracies. There are two reasons for this. First, incumbents in new democracies suffer from what Roberts terms hyperaccountability. This refers to incumbents' poor performance on key policy issues (such as unemployment) combined with a more generalized propensity to vote against governing parties.[47] As for the latter, it is argued that politicians have been unable to deliver on policy promises because the demands of transition and modernization exceeded the government's capacity to act.[48]

[41] See Table S1 of the supplementary material for the constitutional provisions pertaining to government formation in each of the countries analyzed in this research. Savage 2016.
[42] Bernhard and Karakoç 2011.
[43] Dix 1984; Molina 2001.
[44] Roberts 2009, 59. Similar results were also reported by Pop-Eleches 2010.
[45] Klašnja and Titiunik 2015; Uppal 2009.
[46] Druckman and Roberts 2007; Döring and Hellström 2013.
[47] Roberts 2008.
[48] Dix 1984; Uppal 2009.

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This is particularly true in CEE, where wholesale economic reform that promised medium- to long-term benefits often bore high short-term costs.[49] Politicians could only promise "jam tomorrow" so many times before voters became tired of waiting. Antipolitical parties soon emerged to offer these voters an electoral outlet for their disappointment.[50] Indeed, CEE electorates have demonstrated a great proclivity to punish parties for poor policy performance.[51] Roberts shows that 88 percent of CEE governments lost votes in elections between 1990 and 2006, with an average loss of 15 percent—more than five times greater than the average loss for governing parties in established democracies.[52]

The second explanation for why incumbents suffer from high levels of electoral volatility is corruption. Voters prefer effective governments to ineffective ones, and incumbents found to be corrupt or incompetent are likely to experience electoral losses.[53] New democracies tend to exhibit higher levels of corruption than established democracies, due to the incentives and opportunities on offer.[54] For example, the economic reform process in CEE provided government officials numerous opportunities to engage in rent extraction by shaping legislation and influencing the privatization process.

Incentives for corruption are further increased where party linkages are based not on programmatic appeals, but on the personalistic or clientelistic appeals associated with weakly institutionalized party systems.[55] When partisan appeals are absent, parties have less status and value of their own. Their success or failure becomes inextricably linked to that of the party leaders, which increases the incentive to engage in exploitative or corrupt practices. The party's survival and integrity are not the leaders' primary concerns. Herbert Kitschelt notes that there is an empirical association between clientelist linkage politics and political corruption.[56] Furthermore, recent research has shown that when the rewards for rent-extracting behavior increase over time—due to learning, fiscal windfalls, and the growth of rent-extracting networks—incumbency is even more likely to be a disadvantage. This is because the voters want to replace corrupt incumbents, even if it's with challengers of lower quality.[57]

[49] Przeworski 1991.
[50] Pop-Eleches 2010; Tavits 2008a.
[51] Roberts 2008; Tucker 2006.
[52] Roberts 2009, 59.
[53] Costas-Pérez, Solé-Ollé, and Sorribas-Navarro 2012; Tavits 2007.
[54] Rock 2009.
[55] Keefer and Vlaicu 2008; Kitschelt 2000.
[56] Kitschelt 2000, 853.
[57] Klašnja 2015a; Klašnja 2015b.

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Taken together, hyperaccountability and corruption lead to higher levels of electoral volatility, especially with governing parties. As a result, an incumbent party's bargaining power declines from one election to the next, thus incurring an incumbency disadvantage. This indicates that incumbency is a disadvantage due to the highly changeable nature of the coalition-bargaining environment in new democracies. Such an environment largely occurs following an election, when voters have the opportunity to pass judgment on the governing party. However, government formation opportunities frequently arise between elections, particularly in CEE. In fact, around half of the formation opportunities in the data set for this research occurred during a parliamentary term. In such instances, large-scale changes in the bargaining environment are unlikely to have taken place. Even so, weak party system institutionalization can influence the formation process, but in a different way.

Governments terminate midterm for a variety of reasons, often due to a no-confidence vote resulting from a coalition partner exiting the cabinet. But these governments frequently re-form without an election being held. The new government is often a minority administration comprising a subset of parties from the previous cabinet. One reason for this is that with weakly institutionalized party systems, the parliamentary opposition is incoherent, often fragmented, and incapable of acting as a bloc. In Poland, for example, the 2001 majority coalition of the Democratic Left Alliance (Sojusz Lewicy Demokratycznej, SLD) and the Peasant Party (Polskie Stronnictwo Ludowe, PSL) governed until 2003, when the PSL was expelled. Subsequently, due to the weakness of the opposition, an SLD minority government managed to stay in power until the next election.[58] Thus, I expect the role of incumbency in new democracies to be dynamic. If the formation opportunity occurs following an election, incumbency will be a disadvantage. If the formation opportunity occurs during a parliamentary term, incumbency will be an advantage.

Former Dominant Parties

In many new democracies, the authoritarian party that formerly ruled persists as a relevant political actor. These reinvented former dominant parties are often ideologically moderate, and therefore not analogous to the extremist or antisystem parties found in established democracies. But their very presence has an impact on party system institutionalization and, in turn, on government formation.[59]

[58] Millard 2009, 119–21.
[59] Friedman and Wong 2008; Grzymala-Busse 2002; Solinger 2001.

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Former dominant parties affect party system institutionalization by influencing the stability of the politically relevant parties and the development of regularized interactions between parties in the system. The former ruling party is usually the most organized and best-resourced party in a transitional democracy, thus it can serve as an anchor for the nascent party system around which other contenders can develop.[60]

Anna Grzymala-Busse offers a more nuanced view, arguing that the mode of a dominant party's exit from power and its subsequent reinvention are what shape institutionalization. Robust competition is more likely to develop in situations where the former ruling party negotiated the transition to democracy with a recognizable opposition—such as in Hungary, Poland, and Taiwan.[61] In these cases, ceding its capacity to exploit state resources, the former ruling party remained unified in the postauthoritarian era rather than disperse into numerous other parties.[62] In cases where former ruling parties dominated the transition process and former elites fragmented into various new parties, competition for office is much less routinized.

In terms of government formation, two factors are relevant. The first is the extent to which other parties were tolerated under the dominant party's regime.[63] This affects the degree to which alternatives to the dominant party were already institutionalized at the onset of democracy. In Mexico and South Korea, for example, parties were allowed to compete in elections that maintained a facade of legitimacy for the regime, so voters already had some familiarity with the party alternatives.[64] By contrast, in CEE the party-state completely dominated political life; opposition organizations were not tolerated. As such, opposition parties with a coherent organization were largely absent; they consisted of umbrella organizations of many smaller outfits. The communist parties in CEE were so pervasive in nature that they fostered a deep distrust of the very notion of political parties among voters in the postcommunist era. This distrust applied particularly to the former ruling parties despite their postauthoritarian reinventions. Therefore, the establishment of stable, relevant political parties has been more difficult in CEE states.

The second factor relating to the role of former dominant parties is the effect they have on party competition. Party systems are more likely to become institutionalized where party competition is based on

[60] Hicken and Martinez Kuhonta 2011.
[61] Grzymala-Busse 2007; Wong 2008.
[62] Grzymala-Busse 2007.
[63] Hicken and Martinez Kuhonta 2011.
[64] Solinger 2001.

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underlying societal cleavages. In their examination of Latin America, Kenneth Roberts and Erik Wibbels show that where cleavages are fluid, electoral volatility tends to be higher.[65] But former dominant parties can prevent regularized party competition from developing if they are not regarded by other actors in the system as credible participants in mainstream party politics. In Taiwan, for example, the former ruling Kuomintang (KMT) initially responded to its removal from office in 2000 by attacking the new government's managerial competence. But as those attacks failed, the KMT soon learned to begin competing with the Democratic Progressive Party–led government on policy issues that reflected salient cleavages. This helped to routinize competition between parties.[66]

In CEE, in comparison, party competition for much of the democratic period—particularly competition for government—was structured by the "regime divide" between the successors to the former ruling parties and the successors to the parties that made up the opposition at the transition to democracy.[67] The repeated recycling of old hostilities meant that communist successor parties struggled to become regular players in the coalition game, since parties in the system did not interact on the basis of ideological or policy congruence.

It is therefore expected that in new democracies where opposition parties were not tolerated under authoritarian rule and where subsequent party competition takes place along a regime divide rather than on programmatic differences between parties, coalitions that contain the successors to former dominant parties will be less likely to take office. However, an expectation of democratic consolidation is that party systems will become more institutionalized over time. If that does happen, party competition develops into contestation over policy, particularly once the former dominant parties have been in government and are able to compete on the basis of their records.[68] We would also expect that, as the elites who first contested the struggle for democracy leave the political scene and are replaced by politicians who had no first-hand stake in that battle, matters of policy and competence would override historical divisions.

Does this suggest former dominant parties' chances of forming the government will improve as democracy endures? It depends on the conduct of those parties once they are able to compete on the basis of their

[65] Roberts and Wibbels 1999.
[66] Wong 2008.
[67] Grzymala-Busse 2001.
[68] Grzymala-Busse 2001.

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records. If former dominant parties become regular players in the coalition bargaining arena, they are subject to the same vagaries of politics as all other parties. When former ruling parties managed to gain office in many CEE countries during the tumultuous period of early democratic and economic reform, few competed with positive records at subsequent elections. That left them susceptible to challenges from new antiestablishment parties that emerged during the "third-generation elections" (the period in the late 1990s and early 2000s that began after two different ideological camps had governed in each country).[69] I therefore hypothesize that former dominant parties will be less likely to form the government in the late-democratic period.[70]

An additional hypothesis on the role of dominant parties in the government formation process is drawn from the empirical literature. Druckman and Roberts have argued that when CSPs in CEE get into government, they are more likely to form oversized coalitions. This allows coalition partners "to distance themselves from the CSP in the eyes of voters and thus minimize electoral punishment." It also moderates any potentially extreme policies that the CSP may propose.[71] Preliminary evidence suggests that CSPs do tend to form oversized governments, but the hypothesis had not been tested in a rigorous model of government formation. Therefore, this study tests the hypothesis that dominant parties are more likely to form oversized coalitions.

New Parties

The accession of new parties to the party system is not unique to new democracies. However, the frequency and prima facie success of new parties in CEE in particular has not been replicated in Western Europe.[72] As they enter parliament, new parties in any country introduce a number of potential consequences for government formation. First, they increase the level of complexity in coalition negotiations because the established actors may be unsure of their policy positions, internal organization, and particular circumstances. Simply put, they don't know if a new party will be a disciplined and reliable coalition partner. Furthermore, if new parties frequently enter the party system, the level of complexity escalates with implications not just for government formation, but also for the quality of representation and policy consistency—the essential characteristics of a stable democracy.[73]

[69] Pop-Eleches 2010.
[70] I am grateful to a *World Politics* reviewer for a comment that helped shape this hypothesis.
[71] Druckman and Roberts 2007, 11.
[72] Tavits 2008a.
[73] Tavits 2008a.

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Although some scholars suggest that it is relatively easy for new parties to break into party systems in new democracies, others demur. Allan Sikk argues that most of the volatility evident in CEE party systems is a result of splits and mergers between existing parties.[74] Thus seemingly new parties may not be new at all—even if the labels have changed, they are composed of familiar political actors. However, the criteria by which new parties are identified can lead to vastly different estimates of volatility. Contrary to Sikk, Eleanor Neff Powell and Joshua Tucker find that the volatility caused by vote switching between current participants of CEE party systems accounts for just 30 percent of overall volatility.[75] Similarly, Margit Tavits shows that the level of electoral support gained by new parties is related to voters' disappointment with the alternatives, which suggests that voter volatility is responsible for the success of new parties.[76]

New parties still need to compete with established contenders in the government formation process, so it is a stretch to claim that new parties hold a significant advantage over others during coalition negotiations. A less stringent test is to hypothesize that new parties will not be locked out of coalition formation, as they might be in an established democracy where familiar parties collude to keep new ones from gaining office.[77] I therefore test the proposition that coalitions containing new parties will not be significantly less likely to take office in new democracies.

Tavits also demonstrates that new parties were 2.3 times more likely to win seats after the third election in a given country.[78] This highlights an interesting dynamic in CEE, where in the late 1990s, party systems seemingly stabilized into familiar patterns of competition between center-right and social democratic parties. This era, which approximates the start of the third-generation elections,[79] also witnessed a deepening of voter disillusionment. By then, both mainstream ideological camps had experienced disappointing periods in government. As a result, voters turned away from the mainstream parties and looked toward antipolitical or unorthodox alternatives. Grigore Pop-Eleches shows empirically that the electoral success of new parties was significantly greater during this period.[80] The demonstrable electoral success of new

[74] Sikk 2005.

[75] Sikk's criteria for identifying new and continuation parties are arguably stricter than Powell and Tucker's, though their criteria are more extensive. Powell and Tucker 2014, 5–8; Sikk 2005, 399.

[76] Tavits 2008a.

[77] Katz and Mair 1995.

[78] Tavits 2008a.

[79] Pop-Eleches 2010.

[80] Pop-Eleches 2010.

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parties in the late-democratic period leads us to expect that new parties will be more likely to enter government at this time.

Empirical Design

Assessing government formation requires an empirical design that determines why one coalition is formed out of the many alternatives that exist in any given formation opportunity. Martin and Stevenson first solved this problem by using a conditional logit (CL) model.[81] Since then, other published studies have used the same model and data, but none has examined government formation in new democracies.[82] This article presents the first examination of government formation in new democracies that uses the formation opportunity as the unit of analysis and is comparable to the leading research on established democracies.

The empirical method used in this research differs from that specified by Martin and Stevenson. The limitations of the CL model were recently discussed by Glasgow and colleagues, who suggest the use of a mixed-effects logit (MXL) model as an alternative.[83] They argue that an MXL model solves the problem of unobserved heterogeneity that can exist when contextual factors vary across formation opportunities. Furthermore, the independence of irrelevant alternatives (IIA) assumption upon which the CL model rests can be relaxed in an MXL model.[84] This is crucial in the context of the research presented here, since every model discussed in the results section exhibited at least one IIA violation when using the CL estimator.[85]

The MXL model can contain both fixed and random coefficients, so variables can differ across formation opportunities. This allows researchers to investigate contextual factors—for example, to assess whether party ideology matters more in some circumstances than in others. The effect of random coefficients in each formation opportunity can be determined

[81] Martin and Stevenson 2001.

[82] Martin and Stevenson 2010; Bäck and Dumont 2008; Druckman, Martin, and Thies 2005; Indridason 2011.

[83] Glasgow, Golder, and Golder 2012.

[84] Glasgow, Golder, and Golder 2012.

[85] Martin and Stevenson's modified Hausman-McFadden test was used to assess this. The average p-value of the Hausman-McFadden tests for the models in this research was above 0.90, generally an indicator that the IIA assumption was not violated. However, as Glasgow, Golder, and Golder 2012, 252, remark, "[i]f any *one* [Hausman-McFadden] test is significant, then this indicates that removing that choice alternative or set of choice alternatives has produced evidence of an IIA violation." Martin and Stevenson, along with Chiba, have subsequently responded to this point, though they also acknowledge the benefits of the mixed-effects logit model. Chiba, Martin, and Stevenson 2015. See the supplementary material for their article, available at http://pan.oxfordjournals.org/content/suppl/2014/08/20/mpu013.DC1/SM_iia.pdf.

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by adjusting the standard CL model, adding the constant n_t to the vector of coefficients β, where t is the formation opportunity and x_{tj} is a vector of independent variables associated with government j in opportunity t. Because n_t is not observed, researchers must specify a distribution for the coefficients and estimate the parameters of the distribution.[86] Glasgow and colleagues specify a joint probability distribution $f(n|\theta)$ for n, which I follow in this article, where θ is the fixed parameters of distribution f.[87] Doing so, and integrating the augmented CL model over the distribution of n as weighted by f (the density function of n), gives the unconditional probability that government i is selected from j alternatives at formation opportunity t. This gives us the MXL model, in which[88]

$$P_{ti} = \int \left(\frac{\exp(x_{ti}\beta + x_{ti}n_t)}{\Sigma_{j=1}^{J} \exp(x_{tj}\beta + x_{tj}n_t)} \right) f(n|\theta)\mathrm{d}n.$$

MXL models do not have a closed-form solution, so they must be estimated by maximum simulated likelihood. Similar to Glasgow and associates, in each of the models reported in this research the log-likelihood is simulated from the results of two-hundred Halton draws.[89] The Lagrange multiplier test, recommended by Glasgow and colleagues, was used to determine which variables should be entered into the models as random effects.[90] All variables that enter the models as random coefficients are identified in the tables by the presence of an accompanying standard deviation statistic. As each model contains slight variations in the variables and cases entered, the designation of fixed and random variables can change between models.[91]

Data and Measures

To examine government formation in new democracies, I use a new data set of potential governments in ten CEE countries between 1990

[86] Train 2003, 141.

[87] Glasgow, Golder, and Golder 2012, 253–54.

[88] Glasgow, Golder, and Golder 2012; Train 2003. For a complete description of the MXL model, see Train 2003, chap. 6). For a more extensive discussion of the MXL model's application to government formation, see Glasgow, Golder, and Golder 2012.

[89] Glasgow, Golder, and Golder 2012 suggest that MXL models should be repeated with different numbers of Halton draws to verify that simulation error is not affecting the results. Each model was initially estimated using fifty Halton draws and repeated in increments of twenty-five. The results of all models remained similar regardless of the number of draws used.

[90] Glasgow, Golder, and Golder 2012, 255.

[91] All analyses were carried out using the mixlogit package in *Stata*. Hole 2007.

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and 2011: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. All ten countries emerged from authoritarian rule between 1989 and 1991 and are comparable in terms of their level of political development. All were also part of the 2004–7 wave of European Union expansion. They are all parliamentary or semipresidential democracies in which the executive relies on the confidence of the legislature for its survival. Thus, their institutional arrangements are broadly comparable to those of West European democracies used in other leading studies of government formation.[92] However, the results are theoretically generalizable to new presidential democracies, as the office- and policy-seeking motivations for coalition formation remain similar to those in parliamentary democracies.[93]

The unit of analysis in this research is the formation opportunity that arises under the following circumstances: a change in the government's party composition; a parliamentary election is held; the prime minister resigns for political reasons; or the cabinet resigns for any reason, including as a result of a no confidence vote.[94] Using these criteria, 117 formation opportunities were identified, amounting to 27,507 potential governments. The dependent variable is whether or not a potential government went on to form the cabinet, which is coded 1 for the coalition that eventually took office and 0 for all other potential governments in a given formation opportunity. Caretaker and technocratic cabinets are excluded, as they are usually formed outside the parameters of normal competitive party politics. Instances of single-party-majority government were dropped from the data set, as coalition formation theories do not apply in these cases.

Some models in the results section contain fewer cases due to lack of data. (For example, data on party ideology are not always available.) The final data set, which covers only coalition governments with complete data, contains ninety-five formation opportunities and 16,393 potential cabinets. In some models the first governments in each country are excluded from the data, as certain variables require information from a prior period of government. Because no democratically elected government preceded the first cabinets, the effect of such variables cannot be assessed for those cases.

Four independent variables related to party system institutionalization are specified. Two variables are used to assess incumbency

[92] For example, Martin and Stevenson 2001; Martin and Stevenson 2010.
[93] Cheibub, Przeworski, and Saiegh 2004; Foweraker 1998.
[94] Lijphart 1984, 267.

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disadvantage. The first is an indicator that takes a value of 1 if a potential coalition contains the party of the incumbent prime minister, and 0 if not. Governments across the democratic world are heavily identified with their prime minister,[95] so it is likely that voters will attribute policy failure mainly to the prime minister's party. Second, I include a measure of the familiarity of the coalition that takes office compared to the previous coalition, allowing me to to assess whether the overall government suffers the same disadvantage as the prime minister's party. This measure, labeled "similarity" in the tables, is given as:

$$F = \sqrt{\left(\frac{\Sigma_{jk}}{\Sigma_{ik}}\right)} S_k.$$

In this equation, j is the number of parties in the outgoing government that are included in potential coalition k, i is the number of parties in the potential coalition, and S is the fractional seat share of the potential coalition. This measure therefore takes into account the number of incumbent parties that form the potential coalition, weighted by the overall size of the government. To test whether the effect of incumbency changes depending on the timing of the formation opportunity, I interact both measures of incumbency with an indicator of whether or not the formation opportunity takes place after an election.

The effect of a former dominant party on coalition formation is assessed using a binary indicator of the party's presence in, or absence from, a potential coalition. To test whether the effect of former dominant parties on government formation has changed over time, I interact the *dominant party* variable with another variable that takes the value of 1 if the election is a third-generation election[96] and 0 for all other elections. The third-generation elections began somewhere between 1997 and 2002 in each country.[97] Finally, to assess whether dominant parties in CEE are more likely to join oversized coalitions, I use an indicator of whether or not a potential coalition holds a surplus majority.[98]

To test the hypothesis that new parties will not be systematically excluded from coalition formation in new democracies, I use a dichotomous indicator that takes the value of 1 if a potential coalition contains a party that had not sat in any previous legislature and 0 for all other

[95] Poguntke and Webb 2005.
[96] Pop-Eleches 2010.
[97] For a complete list of third-generation elections for each country, see Pop-Eleches 2010, 234. Further elections were added to this list using the criteria set out by Pop-Eleches.
[98] Druckman and Roberts 2007.

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potential coalitions. A party may have competed in previous elections, but it is relevant to the coalition formation game only when it succeeds in entering parliament. New parties were identified from a number of sources.[99] Additional parties were added to the data set using Tavits's definition: "A new party is one that either results from a split from an existing party or is genuinely new in the sense that it emerges without any help from members of existing parties."[100] To assess whether new parties have been more successful in the later years of the democratic period, I interact the new party variable with the indicator of third-generation elections in CEE.[101]

A number of the control variables included in the models are derived from the empirical and theoretical literature on government formation in established democracies. First, following the works of William Riker and John von Neumann and Oskar Morgenstern, I included indicators of a potential coalition's minimal winning and minority status.[102] Both theory and empirical research suggest that minimal winning governments will be more likely to form, and minority governments will be less likely to take office, since a party needs to command a parliamentary majority to retain its confidence. Minimal winning coalitions also maximize the payoffs of office for members of the coalition.[103] Second, it is often assumed that the largest party in the legislature will be a centripetal actor in coalition negotiations and thus difficult to exclude from the government.[104] Potential coalitions containing the largest party should thus be more likely to take office. Third, according to coalition theory, parties will try to maximize the individual payoffs of office by minimizing the number of actors with whom they must share.[105] We might then expect that parties will seek to form smaller coalitions, so I include a count of the number of parties in each potential government. Fourth, ideology is seen as central to policy-seeking accounts of government formation.[106] Parties are usually expected to favor forming less ideologically diverse governments to minimize intra-coalition conflict. But this assumes that party systems are institutionalized and that parties compete on the basis of policy or ideology. Where party systems are not institutionalized, parties tend to have weak programmatic links

[99] Sikk 2005; Hanley and Sikk 2013; Tavits 2008a.
[100] Tavits 2008a, 122.
[101] Tavits 2008a; Pop-Eleches 2010.
[102] Riker 1962; von Neumann and Morgenstern 1953.
[103] Martin and Stevenson 2001.
[104] Peleg 1981.
[105] Leiserson 1968.
[106] de Swaan 1973; Martin and Stevenson 2001.

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with voters. They also have less incentive to compete on the basis of policy or underlying cleavages. In contrast, evidence has shown that in Latin America, where party systems are weakly institutionalized, presidents choose to form executive coalitions with ideologically proximate parties.[107]

In CEE, the former dominant parties further complicate coalition bargaining based on policy-seeking motivations. Although these parties are usually ideologically moderate, for historical reasons other parties in the system refuse to countenance them as coalition partners. Their presence has also served to promote party competition based on the regime divide at the expense of competition over policy or ideology. Thus it is difficult to predict the effect of ideology on government formation in new democracies, although there is reason to believe that it will not be as salient as it is in Western Europe.

I measure ideological distance on the left-right scale using the *rile* variable from the Manifesto Data Collection.[108] I also include an indicator of the ideologically median party in each legislature. Coalition theory suggests that the median actor occupies a strategically important position in the policy bargaining space and is therefore difficult to exclude from government.[109]

Finally, I specify an indicator of whether a potential coalition is associated with a preelectoral coalition. Some parties reveal prior to an election that they intend to work together in government. Empirical evidence from established democracies shows that this is an important indicator of which government eventually takes office. But identifying preelectoral coalitions is not straightforward in CEE. Party splits, mergers, and alliances are frequent. It can also be difficult to distinguish a formal alliance from a mere preelectoral coalition, which is defined as a joint candidate list or a publicly expressed commitment to coalesce by two or more parties.

Any potential coalition that contains a preelectoral coalition is coded as 1, even if it runs under a single electoral banner; all other potential coalitions are coded 0. This coding is less strict than Martin and Stevenson's coding of preelectoral coalitions,[110] and it allows me to assess whether parties gain an advantage by participating in such an arrangement, even if they need to seek additional governing partners from outside the preelectoral coalition. To illustrate the coding of preelectoral

[107] Alemán and Tsebelis 2011; Altman 2000.
[108] Volkens et al. 2013.
[109] Laver and Schofield 1990.
[110] Martin and Stevenson 2001.

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coalitions in this research, any potential government containing Solidarity Electoral Action (Akcja Wyborcza Solidarność, AWS) in Poland in 1997 would be coded 1, as AWS was a preelectoral coalition of more than thirty parties. Descriptive statistics and sources for all variables can be found in the Appendix.

Results

Table 1 presents the results of three models of coalition formation in new democracies.[111] The first model tests variables that are common in analyses of coalition formation in Western Europe. It shows that some of the established theories of government formation transfer well to new democracies. *Minimal winning coalitions* are more likely to take office. Parties prefer to form smaller coalitions, thus maximizing the payoffs of office for all participants, as indicated by the *number of parties* variable. The winning coalition is also likely to contain the *largest party* in the legislature, which is commensurate with some of the literature on new democracies.[112]

The ideological variables provide interesting results that contrast with research on Western Europe and new democracies in Latin America. First, the *ideological diversity* of the potential coalition does not have a significant effect on government formation in CEE. Coalitions in Western Europe tend to have convergent policy preferences,[113] but in CEE the development of programmatic competition has been impeded by weak party system institutionalization. Furthermore, CEE actors in the coalition formation process base their decisions on considerations other than policy and ideology. This is explained by contestation that was structured by historical enmities between the former ruling party and the democratic opposition, combined with restrictions on policy competition that the EU accession process enforced on political parties in CEE.[114]

Second, coalitions containing the *median party* are significantly more likely to take office in CEE. Although theory indicates that this should be the case,[115] empirical evidence from Western Europe is mixed.[116] One

[111] As a test of robustness, all models were also estimated using conditional logistic regression. The results are substantially the same, with minor variations. However, all these models failed at least one IIA test. According to Glasgow, Golder, and Golder 2011, this is enough to question the appropriateness of the CL model. The results are available in the supplementary material accompanying this article. Savage 2016.

[112] Döring and Hellström 2013.

[113] Martin and Stevenson 2001; Martin and Stevenson 2010.

[114] Innes 2002.

[115] Laver and Schofield 1990.

[116] Martin and Stevenson 2001; Martin and Stevenson 2010.

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TABLE 1
MIXED-EFFECTS LOGIT MODELS OF THE DETERMINANTS OF COALITION FORMATION IN NEW DEMOCRACIES

	Model 1			*Model 2*			*Model 3*		
	Coeff. (S.E.)	*Sig.*	*Std. Dev.*	*Coeff. (S.E.)*	*Sig.*	*Std. Dev.*	*Coeff. (S.E.)*	*Sig.*	*Std. Dev.*
Minimal winning coalition	1.062	***		1.041	***		1.060	***	
	(0.344)			(0.384)			(0.387)		
Minority government	−1.726		8.745	0.062			0.048		
	(4.990)			(0.520)			(0.530)		
Largest party	1.774	***		7.042		−8.490	6.247		−7.611
	(0.304)			(5.514)			(4.968)		
Number of parties	−0.873	***		−0.745	***		−0.676	***	0.256
	(0.185)			(0.216)				(0.247)	
Preelectoral coalition present	0.134			0.321			0.263		
	(0.297)			(0.379)			(0.381)		
Median party	0.618	**		0.662	*	0.044	0.658	*	−0.113
	(0.262)			(0.345)			(0.347)		
Ideological diversity	−0.009		0.000	−0.005		0.011	−0.005		0.001
	(0.011)			(0.013)			(0.013)		
Ex-dominant party present				−1.564	***		−1.586	***	
				(0.423)			(0.428)		
Party of incumbent PM				−0.690			−0.753		
				(0.554)			(0.551)		
Similarity				1.434	***	2.535	1.395	***	2.492
				(0.444)			(0.446)		
New party							−0.540		
							(0.394)		
Observations	16,393			15,439			15,439		
Formation opportunities	95			89			89		
Log-likelihood	−336.408			−296.361			−295.561		

*p<.1, **p<.05, ***p<.01

potential explanation for this finding is that party alliances are less entrenched in CEE than in Western Europe. Indeed, party systems in CEE have been so unstable that the median party in one legislature may not return to parliament following the next election. When this happens, the median party will have more freedom to negotiate and form coalitions with a wider range of parties than it would if it were part of a familiar bloc, as is common in Western Europe. Once parties are established in a familiar bloc it becomes more difficult to defect from that bloc and retain credibility as a prospective governing partner.[117] In CEE, a median party can retain its strategically advantageous position in the bargaining space and is not encumbered by entrenched cross-party loyalties.

The variables derived from existing scholarship provide valuable explanations of coalition formation in CEE. But they also point to important differences, which indicates that the distinctive context of new democracies is a factor in coalition formation. The second and third models in Table 1 explore the effect of the variables relating to the institutionalization of party systems. Model 2 contains the indicators of dominant parties and incumbency; the *new party* variable is added in model 3. The *ex-dominant party present* variable is negative and significant in both model 2 and model 3, indicating that coalitions containing a CSP are much less likely to take office than other potential governments. This result may be superficially surprising, given that former dominant parties in Bulgaria, Hungary, Lithuania, and Poland all formed governments within the first few years of the transition to democracy. However, this initial success only laid the foundations for the parties' failure, as discussed in the next section.

Model 2 demonstrates that former dominant parties can alter the dynamics of coalition formation. CSPs, with one or two exceptions, lie to the moderate left of the ideological spectrum. But their historical roots can make these parties pariahs for other parties in the coalition-bargaining arena, which rules out some potential coalitions a priori, and can also lead to distortions in government formation. Parties refusing to cooperate with CSPs may seek to form coalitions with ideologically distant parties not tainted by the associations attached to former dominant parties.

In 1997, for example, Poland's Freedom Union (Unia Demokratyczna, UW) formed a government with AWS. The ideological distance between these parties, according to the Manifesto Project's left-right

[117] Tavits 2008b.

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scale, was 19.01 points. The former dominant party, the SLD, was more ideologically compatible with the UW, lying just 1.71 points away from it on the left-right scale. But the UW's roots in the democratic opposition movement precluded cooperation with the former ruling party. It is important to note that, as the regime divide structures contestation, the presence of CSPs undermines the development of party competition based on substantive policy issues, at least in the first decade or so after democratization.

Figure 1 shows the effect of former dominant parties on coalition formation across the region. In every country, potential coalitions containing a former dominant party have a lower probability of taking office. The effect of CSP presence in a coalition is particularly stark in the Czech Republic and Poland. In those countries, democratic opposition movements had a better organizational form that naturally morphed into political parties antagonistic toward the former dominant party in the postcommunist period. The Polish CSP, the SLD, never shook off its associations with the prior regime. It struggled to build alliances with other parties in the system besides the PSL, a satellite of the former ruling Communist Party. The Czech CSP, the KSČM (Komunistická strana Čech a Moravy), has suffered from its adherence to a far-left ideology for much of the democratic period. This position kept it outside mainstream party politics, even though it has accrued more than 10 percent of the vote in every election since 1992 and has been represented in every legislature from that date.

Other CSPs in the region have periodically managed to build alliances with other parties. For example, the social democrats in Slovenia have formed coalition governments with the mainstream liberal democrats. The Slovenian successor party's relative success is rooted in the predemocratic era. The last government formed by the League of Communists of Slovenia (Zveza komunistov Slovenije, ZKS) was not seen as unpopular or corrupt, unlike many of the region's other communist governments.[118] Reformist elements within the ZKS were instrumental in the transition to democracy, having gained predominance over the conservatives within the party in the mid-1980s.[119] Furthermore, the ZKS earned credibility from its opposition to the Yugoslav Communist Party, which sought to tighten Belgrade's control over the Yugoslav federal state.[120] This gave the Slovene transition from authoritarian rule

[118] Bebler 2002.
[119] Jou 2011.
[120] Jou 2011.

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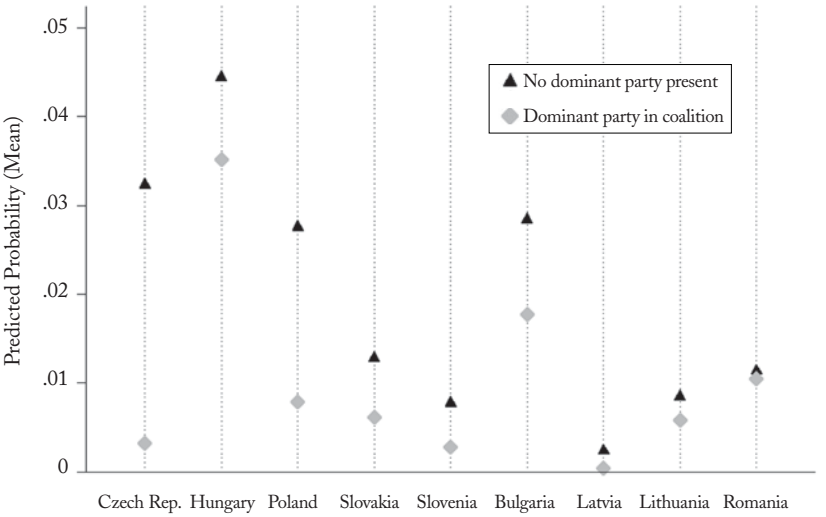


FIGURE 1

PRESENCE OF FORMER DOMINANT PARTIES AND THE PREDICTED PROBABILITY OF COALITION FORMATION

a distinct national separatist character rather than one of communists against democratic reformers. As such, the regime divide was less salient in Slovenia in the posttransition period.

For Romania, Figure 1 shows that coalitions containing the former dominant party are almost as likely to take office as any other potential government. Grzymala-Busse argues that the successor party's domination of the transition process in Romania allowed it to oversee the creation of formal and informal institutions that disadvantaged opposition parties. The former dominant party was favored by the establishment of a strong presidency, by restricting state funding to parties that gained at least 5 percent of the vote, and by the use of state media to marginalize opposition. These moves also limited the development of strong alternatives, allowing the Romanian successor party to dominate until 1996.[121] Since then, it has remained one of the two leading parties in parliament.

Based on previous literature, we would expect the role of incumbency in new democracies to be dynamic: a disadvantage in postelection

[121] Grzymala-Busse 2007.

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bargaining situations, but an advantage in midterm formation opportunities, when incumbents benefit from an incoherent opposition that results from weakly institutionalized party systems. The results in models 2 and 3 of Table 1 indicate that incumbency is actually an overall advantage. Coalitions containing the *party of the incumbent prime minister* are not significantly less likely to take office, while coalitions that more closely resemble the incumbent cabinet, as indicated by the *similarity* variable, are more likely to form the government.

The coefficient and standard deviation of the *similarity* variable in model 3 indicate that there is heterogeneity between formation opportunities. Coalitions that more closely resemble the incumbents are advantaged 71 percent of the time, but disadvantaged in 29 percent of formation opportunities.[122] The literature suggests that this result should not be surprising, but research also shows that governing parties tend to fare poorly in subsequent elections as voters punish them for poor performance.[123]

How can this result be interpreted, then? One answer is that the instability of governments in CEE has an effect in tandem with the inchoate pattern of party interactions. It is well documented that CEE governments are more likely to collapse midterm than West European cabinets.[124] This technically results in a new formation opportunity, but often members of the previous government return to office—albeit in a slightly reconfigured formula. In Slovakia, for example, after the four-party coalition led by Mikuáš Dzurinda beginning in 2002 broke down in 2005, it was subsequently returned to office as a three-party minority administration, as the parliamentary opposition failed to form a viable alternative government. It is therefore likely that the effect of incumbency differs for governments formed after an election compared to those formed midterm. This is explored in the next section.

Model 3 also shows that potential coalitions containing a new party are less likely to take office, but the coefficient is insignificant. The fact that new parties have no significant effect on the composition of the government is important, especially since the CEE party landscape is generally seen as one in which short-term success is easily attained. But it also indicates that established parties have not managed to close off

[122] This figure is obtained by dividing the coefficient by its standard deviation and multiplying the result by the cumulative normal distribution.

[123] Roberts 2008.

[124] Somer-Topcu and Williams 2008.

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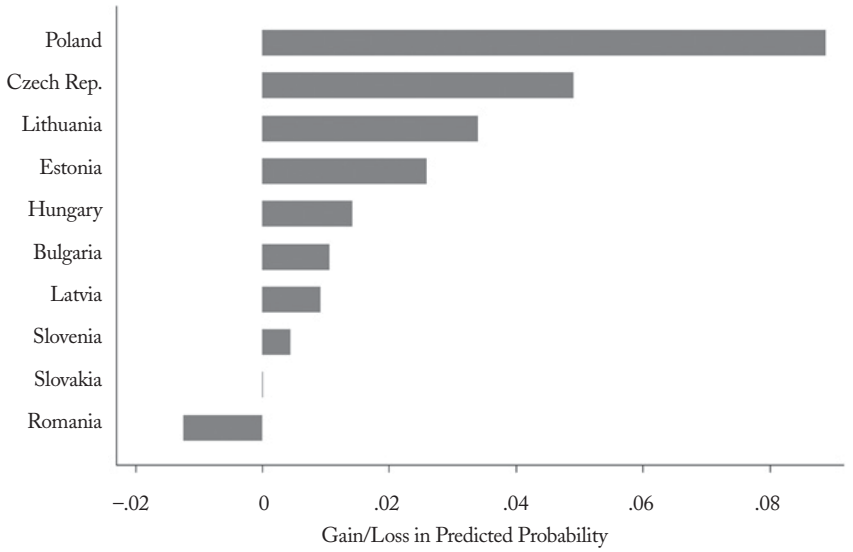


FIGURE 2

AVERAGE CHANGE IN PREDICTED PROBABILITY OF COALITION FORMATION BEFORE AND AFTER INCLUSION OF PARTY SYSTEM INSTITUTIONALIZATION VARIABLES

new parties' access to government, as one might expect in a fully institutionalized party system.

Overall, the variables relating to weak party system institutionalization improve our understanding of coalition formation in new democracies. Figure 2 shows the average gain or loss in predicted probability that is achieved when these variables are included in the model, compared to the predicted probability of coalition formation obtained from a model containing only variables from established research (Table 1, model 1). In every country except Romania, the variables related to party-system institutionalization improve the predicted probability of the coalition that eventually took office. The effect is greatest in Poland and the Czech Republic. These results demonstrate that existing models can take us only so far in understanding government formation in new democracies. To gain a more complete explanation, we must consider the factors that distinguish new democracies from established democracies.

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Interaction Models

To further explore the effect of party system institutionalization on coalition formation, I specified a number of models including interaction terms so I could examine conditional effects.[125] I hypothesized that coalitions containing former dominant parties would be less likely to take office following the onset of the third-generation elections in CEE. The results of model 4 in Table 2 support this hypothesis. This model provides information about both the development of party competition and government formation in CEE. It had been expected that over time, generational replacement among politicians and the electorate would erode the negative connotations that accompanied CSPs, allowing these parties to become normal players in democratic politics. In such cases, coalitions containing the former dominant parties would be no less likely to take office than coalitions containing any other party.[126]

Instead, CSPs seem to have been punished more severely over time for failing to fulfill policy expectations and for engaging in exploitative or clientelist practices while in office. Prior research indicated that CSPs would be more likely to form oversized coalitions, as governing partners sought to insulate themselves against any reputational damage caused by allying with a CSP.[127] Although model 5 indicates that CSPs have been more likely to form oversized coalitions, this finding is not significant and the hypothesis is therefore rejected.

Incumbency also has a conditional effect. Models 6 and 7 show that incumbency is a disadvantage for any government that forms after an election. These results reinforce previous findings on electoral outcomes that incumbent parties are routinely punished at the polls by voters, either for their failure to fulfill policy goals or for their participation (perceived or real) in corrupt activities.[128] In 2010, the Hungarian Socialist Party saw its vote share drop to 19 percent from a high of 43 percent in 2006. The decline came after Prime Minister Ferenc Gyurcsány's confidential speech to his party, in which he stated that the government had achieved nothing and had lied to voters for two years, was leaked.

[125] Period effects cannot be directly included in MXL or CL models as there is no within-group variation. This also means that in some models in Table 2, not all of the constitutive elements of the interaction terms can be included (Brambor, Clark, and Golder 2006). For instance, the variable that indicates whether a formation opportunity took place after an election is not included in model 7 or model 8. Standard practice in these cases has been to specify the model excluding the invariant term. Bäck, Debus, and Dumont 2011; Indridason 2011; Martin and Stevenson 2001. Interaction terms are entered into each model as fixed effects.

[126] Grzymala-Busse 2001; Ishiyama 1997.

[127] Druckman and Roberts 2007.

[128] Roberts 2008.

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TABLE 2
MIXED-EFFECTS LOGIT MODELS OF INTERACTION EFFECTS AND COALITION FORMATION IN NEW DEMOCRACIES[a]

		Coeff. (S.E.)	*Sig.*	*Observations*	*Formation Opportunities*	*Log-Likelihood*
Ex-dominant party × Third-generation election	model 4	−1.289 (0.637)	**	15,439	89	−296.328
Ex-dominant party × Oversized coalition	model 5	−0.401 (0.597)		15,439	89	−298.132
Party of incumbent PM × Postelection formation	model 6	−2.443 (0.736)	***	15,439	89	−293.138
Similarity × Postelection formation	model 7	−3.367 (0.525)	***	15,439	89	−272.152
Minority government × Postelection formation	model 8	−2.929 (0.662)	***	15,439	89	−285.398
New party × Third-generation election	model 9	0.409 (0.845)		15,439	89	−282.293

*p<.1, **p<.05, ***p<.01

[a] All models also contain the variables from Table 1, model 3. For clarity, only the results of the interaction effects are reported in Table 2. The full table is available from the author on request. The *minority government* variable is replaced in model 5 by an indicator of whether the government was an *oversized coalition*.

The SLD in Poland lost 30 percent of its vote share from 2001 to 2005, a drop partially explained by Leszek Miller's incompetent government leadership, but primarily due to allegations of corruption. Those allegations stemmed from the "Rywingate" affair, in which a film producer, Lew Rywin, claiming to represent "a group holding power," attempted to extract a bribe from a newspaper publisher in return for influencing the content of a media bill due to go before parliament.[129] Though government collusion was never proven, the SLD was severely damaged by the affair. In Hungary and in Poland, the incumbents did not return to power.

When the timing of the formation opportunity is taken into account, both measures of incumbency used in this research have a significant negative effect on coalition formation. Potential coalitions that contain the party of the prime minister and coalitions that more closely resemble the incumbent governments are much less likely to take office following an election. The effect of incumbency can be seen in Figure 3, which illustrates the probability of a coalition taking office based on its

[129] Millard 2009, 119.

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similarity to the incumbent government and the timing of the formation opportunity.

The left panel in Figure 3 shows that coalitions closely resembling the incumbent have a greater likelihood of taking office when the formation opportunity occurs midterm. The fact that there are relatively few observations at the zero point in this panel demonstrates that wholesale alternation of government, in which all the incumbents are replaced by different parties, rarely takes place during a parliamentary term. By contrast, the greater number of potential coalitions at the zero point in the right panel demonstrates the high level of volatility of the incumbent party's bargaining power in CEE.

I also argue that it is typical for incumbents to return to government as a minority administration when the coalition terminates midterm. Table 2's model 8 contains an interaction term for minority coalitions and the timing of the formation opportunity. This variable shows that minority administrations are significantly less likely to gain office when the government is formed after an election, but more likely when the formation opportunity arises midterm. The fact that minority administrations are not especially disadvantaged during midterm coalition formation opportunities supports the proposition that incumbents often return to office as minority governments when the previous administration ends prematurely.

Taken together, these findings support my hypotheses on the role of incumbency in government formation in new democracies. High electoral volatility stemming from weak institutionalization gives incumbents a disadvantage when bargaining takes place postelection. But the unstructured pattern of party interactions means that opposition parties are unable to act in a coherent manner to unseat incumbent governments when the formation opportunity takes place during a parliamentary term.

Prior research has found that new parties in CEE became more successful in the electoral arena in the later years of the democratic period. Given that, we might expect new parties to have a greater probability of participating in government.[130] Model 9 indicates that potential coalitions containing new parties have been more likely to get into office following the onset of third-generation elections, but this effect is not statistically significant. Taken with the results from Table 1, it undermines the notion that weakly institutionalized party systems are fertile ground for political entrepreneurs trying to gain access to government.

[130] Tavits 2008a.

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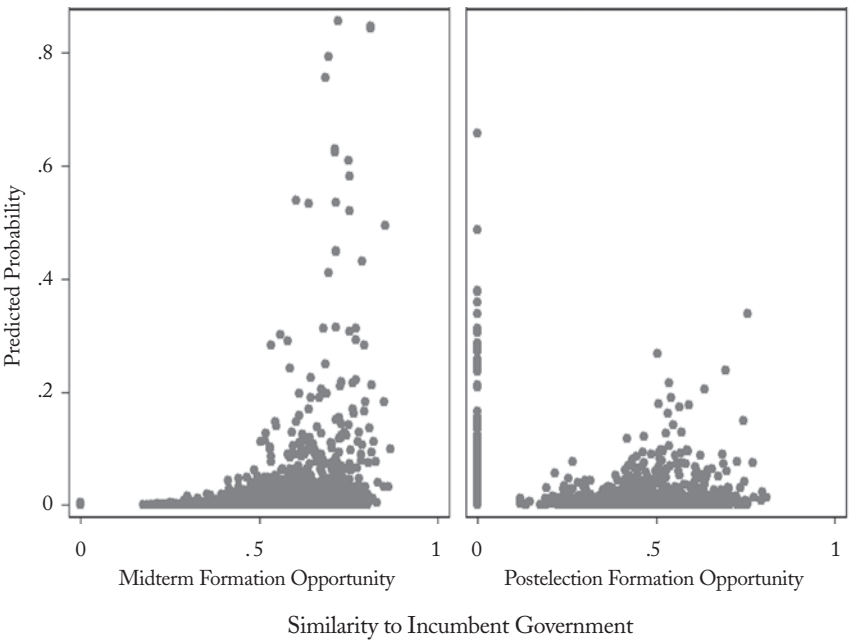


FIGURE 3
IMPACT OF INCUMBENCY ON COALITION FORMATION BY THE TIMING OF THE FORMATION OPPORTUNITY

The challenge facing new parties appears to be invariant over time, even though the political space in many countries has opened up to allow a greater share of votes to go to protest or antipolitical parties.[131]

CONCLUSION

This article examines the ways that weak party system institutionalization influences government formation in new democracies. This research is crucial, as the institutionalization of the party system is considered to be a key difference between new and established democracies. It is also the first systematic study of government formation in new democracies that uses a research design comparable to the leading studies on established democracies.

From this work, three conclusions improve our understanding of government formation in general, and government formation in new democracies in particular. First, incumbency has a conditional effect in

[131] Pop-Eleches 2010.

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new democracies. When the government formation opportunity takes place following an election, incumbents are significantly disadvantaged. This is because governing parties tend to suffer large losses in electoral support following a period in office due to their failure to fulfill key policy objectives, and in many cases to their engagement in clientelistic or corrupt practices. The lack of a stable core of electoral support may actually encourage governing parties to engage in clientelistic practices, since voters are less likely to be swayed by partisan or programmatic appeals.

In contrast, when the formation opportunity arises after the mid-term collapse of a government, wholesale alternation of the cabinet is rare; incumbent parties are more likely to remain in office. Weak party system institutionalization means that the parliamentary opposition frequently struggles to act coherently to offer a viable governing alternative. Therefore, the incumbent administration can persist even if it falls into minority status.

In addition, former dominant parties play a significant role in coalition formation. In states where opposition parties were not tolerated under the authoritarian regime, the onset of democracy brought a lack of affinity with parties in general, and with the successor to the former ruling party in particular. Furthermore, where former dominant parties remained strong contenders in democratic politics, party system institutionalization was undermined by the stunted development of programmatic competition. Instead, competition became structured by a regime divide between the former ruling parties and their now-fragmented opposition. Thus former dominant parties are placed at a systematic disadvantage in the government formation process in CEE as they struggle to interact with other parties based on programmatic congruence. This disadvantage has been compounded over time, since the former dominant parties also suffer from the vagaries of incumbency. As a result, former dominant parties are even less likely to take office as democracy progresses.

This study demonstrates that new parties have little impact on the government formation process. Given the weak institutionalization of party systems in new democracies, one could expect new parties to succeed fairly easily and rapidly. However, the results of this research show that potential coalitions containing new parties are less likely to take office, and that this effect has not changed over time, despite the greater proclivity of CEE electorates to vote against more established parties. The results are statistically insignificant.

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Overall, these findings support the argument that party system institutionalization influences government formation. Crucially, the weakness of party system institutionalization that results in the instability of relevant political parties in new democracies means that some variables produce different explanations of government formation in these countries compared to established democracies. Furthermore, distinct variables that relate specifically to weak party system institutionalization must also be considered when examining government formation in new democracies. The evidence presented in this paper suggests that analyses of government formation can be improved by considering the stability and routinization of institutions and political practices.

Appendix

Descriptive Statistics of Variables in the Analysis[a]

	Obs.	*Mean*	*Std. Dev.*	*Min.*	*Max.*
Minimal winning coalition[b]	16,393	0.09	0.28	0	1
Minority government[b]	16,393	0.51	0.50	0	1
Largest party[b]	16,393	0.50	0.50	0	1
Number of parties[b] in government	16,393	4.51	1.82	1	11
Preelectoral coalition present[c]	16,393	0.66	0.48	0	1
Median party[d]	16,393	0.50	0.50	0	1
Ideological diversity[d]	16,393	39.67	22.37	0	97.86
Dominant party present[e]	16,393	0.45	0.50	0	1
Party of incumbent PM[f]	15,439	0.32	0.47	0	1
Similarity (standardized)[f]	15,439	0.28	0.96	−1.27	2.45
New party present[g]	15,439	0.64	0.48	0	1

[a] Descriptive statistics are provided for the estimation sample.

[b] Author's calculations based on data from European Representative Democracy Data Archive (Andersson, Bergman, and Ersson 2014), *European Journal of Political Research* annual yearbooks, and the Conrad and Golder 2010 data set on government duration in CEE.

[c] Author's calculations and Ibenskas 2015 and Chiru 2014.

[d] Volkens et al. 2015.

[e] Tzelgov 2011.

[f] Author's calculations.

[g] Author's calculations and Tavits 2008a, Sikk 2005, and Hanley and Sikk 2013.

Supplementary Material

Supplementary material for this article can be found at http://dx.doi.org/10.1017/S0043887115000477.

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