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The Political Consequences of Party System Change

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This article engages one of the important gaps in the literature on party system effects: the consequences of party system change. We discuss how existing empirical approaches to party system change do not actually capture the changeability of patterns of party competition, which is the most direct understanding of the term "party system." We propose a measure that does exactly this: the index of fluidity. Applying this measure to countries in South East Asia, we show that party system change is associated with harmful effects, including lower foreign direct investment and the deterioration of the rule of law.

Keywords: Party Systems, Political Systems, Comparative Politics, Measuring Party System Change, Frequency, Scope, Variety, Index of Fluidity, Party System Effects, Interparty Competition, Cross-National Studies, Party System Stability, Instability, Public Policy, Foreign Investment, Rule of Law.

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nytimes.com/2014/09/05/world/asia/in-southeast-asia-indonesia-becomes-a-role-model-for-democracy.html?_r=0

Yueh, Linda. 2014. "Rule of Law v. Rule of Party." BBC Online, October 24. http://www.bbc.com/news/business-29754688

Pilling, David. 2014. "Asian Democracy Must Serve the Common Man." *Financial Times*, June 8. http://www.ft.com/intl/cms/s/0/da2c5ee0-779e-11e3-807e-00144feabdc0.html#axzz3ZXbY2NXV

Este artículo aborda uno de los vacíos más importantes en la literatura sobre los efectos de un sistema partidista: las consecuencias de un cambio en el sistema de partidos. Se discute cómo los enfoques existentes a cambios en el sistema de partidos falla en capturar la variabilidad de los patrones de competencia partidista, la cual brinda la definición más directa de "sistema partidista." Proponemos una medida que resuelve justo esto. Aplicando esta medida a países del sudeste asiático mostramos que un cambio en el sistema partidista está asociado a efectos perjudiciales, incluyendo menor inversión extranjera directa y el deterioro del estado de derecho.

Comparative political scientists have held a longstanding interest in party systems. This interest stems, in part, from the fact that party systems are a critical embodiment of power relations among societal groups (see e.g., Lipset and Rokkan 1967). But another, perhaps more, important reason for scholarly interest in party systems is their purported impact on the political system and public policy outputs. The characteristics of party systems—their "attributes"—have been shown to affect key indicators of political system performance, including the duration of constitutional orders (Mainwaring 1993; Sartori 1976), the stability of governments (Taylor and Herman 1971), the quality of legislation (Tsebelis 2002), and the scale and composition of government spending and public debt (Kontopoulos and Perotti 1999).

One pervasive feature of this empirical research on the consequences of party systems is its focus on "static" attributes, or the characteristics of party systems at a point in time. Yet we know that party systems do undergo change, and there appears to be quite a considerable empirical variation in their dynamic patterns. In South East Asia, for example, the Singaporean party system has been remarkably stable while the Thai system has been highly changeable (Reilly 2007a, 2007b). But although there is much discussion of the effects of party system stability and instability, there has been little rigorous research of this issue. In our view, this is largely because scholars have lacked a suitable measure of party system change. Our aim in this article is to address these shortcomings. In particular, we explore the political consequences of party system change using a new measure that is well suited to this purpose.

The measure that we propose captures a party system's propensity to change by encapsulating in a single metric three separate facets of system change: how frequently a party system changes between fundamentally

1 different types; the scope of such change during a particular historical period;
2 and the variety of types that the party system transforms between during this
3 period. The resulting measure, which we call the index of fluidity, provides a
4 reasonable embodiment of the magnitude of systemic change of a party system
5 during a~n~ historical period. With this measure it becomes possible to examine
6 rigorously and crossnationally how party system stability relates to political
7 system performance, which is our ultimate goal. Our empirical analysis focuses
8 on South East Asia, and we examine whether and to what extent party system
9 instability affects the quality of democracy, which we assess following Morlino
10 (2004a, 2004b), in terms of procedures, content, and results.

11 The remainder of this article is organized as follows. In the first section,
12 after mapping the main lines of party system scholarship, we flesh out our
13 argument that party system scholars have generally neglected to investigate the
14 political consequences of party system change. Our key claims are that: (1) con-
15 ventional approaches to measuring "party system change" tend to reduce sys-
16 tem change to change in phenomena that are quite different from the pattern
17 of party competition; and (2) this tendency, in turn, is due to an oversimplifica-
18 tion of the relationship between the "genetic" origins of party systems and
19 their "functional" properties. Building on this line of argument, in the second
20 section we propose a measure that captures the magnitude of system change
21 understood in functional terms. We then examine the relationship between
22 party system attributes, including their dynamic attributes, and the perform-
23 ance of political systems in South East Asia. Our empirical analysis suggests
24 that for some dimensions of democratic quality, static attributes such as frag-
25 mentation matter more than party system instability; but, for other aspects of
26 democratic quality, party system instability matters more than fragmentation.
27 Specifically, there are two key areas where the impact of party system instabil-
28 ity is particularly strong and deleterious: party system instability undermines
29 the rule of law however this is measured, and it is detrimental to a country's
30 ability to attract foreign investment. In the final section, we draw some conclu-
31 sions and formulate several policy recommendations.

32 ## Party Systems and Party System Change

33 A "party system," scholars generally agree, "is precisely the *system of inter-*
34 *actions* resulting from inter-party competition. That is, the system in question
35 bears on the relatedness of parties to each other, on how each party is a function
36 (in the mathematical sense) of the other parties and reacts, competitively or oth-
37 erwise, to the other parties" (Sartori 1976, 42). Research on party systems in the
38 Comparative Politics subdiscipline has developed along five lines of inquiry. One
39 line of research has been concerned with the emergence of party systems, espe-
40 cially in Western democracies (Lipset and Rokkan 1967). Another debates how
41 party systems should be classified (Blondel 1968; Duverger 1964; Mair 1996;
42 Rokkan 1970; Sartori 1976). Research in a third agenda focuses on the

development of indexes and metrics to capture "static" party system attributes (Laakso and Taagepera 1979; Rae 1967; ~~Taylor and Herman 1971;~~ Taagepera 1999). A fourth analyzes, theoretically, party system change and, empirically, phenomena associated with party system change (Mair 1997, 1989; Pedersen 1979; Smith 1989). Research in a fifth agenda explores the political consequences of party system attributes (Taylor and Herman 1971; Tsebelis 2002).

We aim to contribute, primarily, to the last of these streams by operationalizing theoretical insights developed in the fourth stream, on party system change. Our basic argument is that research on the effects of party systems pays less attention to their dynamic attributes than to their static attributes, and this is due to the absence of an adequate measure of party system change. Crucially, this has meant that the effects of party system change have not been systematically examined. To clarify, we do not argue that there are no measures of party system change or that no studies use these measures in correlational analysis. Rather, our claim is that conventional approaches do not capture party system change when "party system" is understood in functionalist terms as the pattern of interparty competition and "party system change" is understood as transformation in such patterns (see e.g., Mair 1989; Sartori 1976; Smith 1989). Judged by these standards, existing studies have adopted, more or less consciously, a reductionist approach. As a result, the consequences of system change have not been rigorously explored.

Conventional approaches to measuring "party system change" infer system change from, and often reduce it to, party change, electoral change, and change in voters' alignments to parties. These are phenomena that are allegedly associated with party system change. Yet they do not embody change to the pattern of competition (i.e., the party system), and therefore, attempting to measure party system change by measuring change in these phenomena can potentially lead to inaccurate estimates of the magnitude of system change.

Party Change

Several studies of party system institutionalization and change in Sub-Saharan Africa (see e.g., Bogaards 2008; Powell and Tucker 2014) have used the votes for new parties as a measure of party change. This measure proves to be quite useful insofar as its application is confined to assessing party change, but it is less useful in measuring party system change because party change is not necessarily associated with change in the pattern of party competition. Party change leads to a party system change only when the disappearance or the appearance of some parties alters the pattern of party competition (Mair 1997, 55), but measuring the vote for new parties gives no indication of whether or not ~~this~~ happened.

Electoral Change

Other studies of party system institutionalization and change in Latin America (Mainwaring and Scully 1995) and in Sub-Saharan Africa (Kuenzi

1 and Lambright 2001, 2005; ~~Mozaffar, Scarritt, and Galaich 2003;~~ Mozaffar
2 and Scarritt 2005) apply the index of volatility developed by Mogens Pedersen
3 (1979), which measures the net change in parties' votes or seats from one elec-
4 tion to the next. Volatility is therefore a measure of the extent of electoral
5 change. But, while there is no doubt that Pedersen's index of volatility is an
6 excellent measure of electoral change, the party system literature (see Bartolini
7 and Mair 1990; Tavits 2008) has long made clear that it is a rather inadequate
8 tool for measuring party system change because it provides little-to-no indica-
9 tion of whether there has been a change in the pattern of competition. This
10 reflects the fact that there is an important, and sometimes overlooked, differ-
11 ence between the changeability of parties' fortunes and the changeability of the
12 system itself. This means, for example, that a party system may remain stable in
13 the face of relatively high volatility or it may be transformed by low volatility.
14 More generally, the volatility index is unable to disentangle those electoral
15 changes that are associated with system changes from those that occur in the
16 absence of system change.
17   Several amendments of Pedersen's index improve the chances that volatility
18 might detect party system change, but these amendments do not offer a direct
19 measure of party system change nor is it safe to assume that there is perfect
20 correlation between these refinements of volatility and actual system change.
21 Bartolini and Mair (1990) decompose party volatility into two distinct compo-
22 nents: "within-block" volatility, which captures volatility among parties in the
23 same ideological block; and "between-block" volatility, which captures volatil-
24 ity across ideological lines. By comparing these two volatility measures, the
25 proportion of total volatility that is due to cleavage change (i.e., between-block)
26 can be calculated. However, while cleavage change may produce a change in
27 the pattern of party competition, it is also possible that it may not. Therefore,
28 the extent of party system change cannot simply be inferred from the extent of
29 cleavage change. As Bartolini and Mair (1990, 27) explain, "once the level of
30 analysis changes—from the party to the block to the system as a whole—it is
31 necessary to relate the measure of aggregate volatility to quite different sets of
32 political phenomena." A similar observation might be made regarding Powell
33 and Tucker's (2014) recent innovation of disaggregating total volatility into
34 volatility due to the vote for new parties and volatility due to vote-switching—
35 neither measure provides a definitive indication as to whether or not the pat-
36 tern of party competition has changed.

37 **Voter-Party Realignment**
38   Studies of the transformation of the U.S. party system have generally equa-
39 ted party system change with change in voters' attachments to the established
40 political parties (~~Key 1955;~~ Burnham 1970; Sundquist 1983). But, while voter
41 alignments, dealignments, and realignments often provide a good indication of
42 change in the structure of social cleavages beneath the party system, they are

1 not always conducive to or indicative of transformation in the pattern of party
2 competition. In fact, the undoubtedly "critical" (i.e., realigning) elections of
3 1896 and 1932 did not alter the prevailing two-party system even though these
4 elections were associated with drastic change in the social bases underlying this
5 pattern of competition. Sundquist (1983) identified four historical/potential
6 forms of "party system change" in the American context: the realignment of
7 the two existing parties; the realignment of the two existing parties through the
8 absorption of a minor third party; the replacement of one major party; and the
9 replacement of both major parties. These scenarios may indicate some degree
10 of cleavage transformation, but none amounts to change in the pattern of
11 competition.

12 Hence, since party change, electoral change, and voter-party realignments
13 are not always nor necessarily associated with party system change, measures
14 of party change (votes for new parties), electoral change (volatility), and voter-
15 party realignments do not represent precise, efficient, and reliable metrics of
16 party system change.

17 In our view, the conflation of party system change, on the one hand, and
18 change in these other phenomena, on the other, reflects a misunderstanding of
19 the relationship between the "genetic" origins of party systems and their
20 "functional" properties (Bartolini 1986). The "genetic" perspective examines
21 how and why party systems come to have certain characteristics instead of
22 others, drawing heavily on sociological theories—especially Lipset and
23 Rokkan's (1967) seminal framework. A party system's "functional" properties
24 denote precisely the pattern of party competition.[1] Functional theories are the
25 political equivalent of economic theories of market competition; so, while
26 economists distinguish between "monopolistic" and "oligopolistic" patterns,
27 party system theorists differentiate, for example, "predominance" from "two-
28 partism." The aim in both literatures is to specify the distinct configurations of
29 competition (both actual and potential).

30 With the notable exception of Maurice Duverger (1964), who understood
31 from the outset that the functioning of party systems was jointly determined by
32 genetic conditions (i.e., the structure of social cleavages) and institutions (i.e.,
33 electoral laws), scholars have generally regarded party system functioning to be
34 directly related to party system genetics: conventionally, functioning has been
35 reduced to "format" (i.e., the number of parties) which in turn is linearly
36 related to the number of politically divisive cleavages.[2] This logic is apparent
37 even in work by the best-known functionalist theorist, Giovanni Sartori
38 (1976). He theorized the existence of distinct configurations of competition—

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[1]The literature on this point corresponds to what we earlier identified as the "second" research agenda.

[2]Quantitatively-oriented scholars have summarized this relationship by stating that the number of parties equals the number of cleavages plus one (Taagepera and Grofman 1985).

1 or "types"—that combined attributes from three dimensions (power alterna-
2 tion, fragmentation, and polarization). But, to operationalize his framework
3 (i.e., to identify types in real-world settings), he relied primarily on fragmenta-
4 tion—indeed, he treats polarization as a sort of epiphenomenon, as a function
5 of the number of parties and depth of cleavages (Sartori 1976, 135).

6   In sum, the party system scholarship has overlooked the need for a valid
7 measure of system change because of an epiphenomenalist view of party sys-
8 tem functioning and, consequently, of party system change. This approach has
9 provided the intellectual rationale for the standard approaches to measuring
10 party system change—all of which are reductionist in important respects. The
11 purpose of the next section is to present a new measure of party system change
12 which, we argue, better captures the magnitude of functional change.

13   **Measuring Party System Change**

14   Elaborating his well-known framework, Sartori (1976) noted that party
15 systems are, from a functionalist point of view, the systems that emerge from
16 patterns of interparty competition. Depending on whether or not these pat-
17 terns tended to be stable over time, the resulting party system was either
18 "structured" or "fluid." He specified the distinct configurations that may arise
19 in both scenarios and explicated criteria to aid classification of real-world sys-
20 tems using these typologies.

21   Sartori's classification of structured party system was developed in
22 response to Duverger's scheme. Duverger (1964) had suggested that party sys-
23 tems could be regarded as either "one-party," "two-party," or "multi-party"—
24 a classification that Sartori deemed unsatisfactory, for two reasons. First,
25 Duverger's typology failed to distinguish democratic one-party systems (i.e.,
26 the type that Sartori would classify as "predominant") from nondemocratic
27 ones (i.e, Sartori's "one-party" and "hegemonic" types). Second, Duverger's
28 "multipartism" category lumped together all systems with more than two par-
29 ties, despite the important functional differences between systems in this cate-
30 gory. Even Duverger (1964, 229) admitted that this "type" subsumed
31 "innumerable shades of difference." Sartori, in contrast, emphasized the
32 importance of distinguishing multiparty systems based on their functional
33 properties.

34   Sartori argued that the functioning of a party system depended on patterns
35 of fragmentation and polarization, but he relied almost exclusively on fragmen-
36 tation to classify real-world party systems.[3] Specifically, his taxonomic efforts
37 were based on counting the number of systemically "relevant" parties: those
38 parties that, over time, formed governments (either on their own or as part of a
39 coalition), or which could prevent the formation of governments. On the basis

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[3]As this point suggests, Sartori (1976) assumed that these dimensions were correlated.

of counting relevant parties, while in fact seeking to identify more complex functional configurations, Sartori (1976) identified seven distinct types of party competition:

1. One-party (party) systems are systems where only one party is legally allowed to participate in electoral contests and to govern.
2. In a hegemonic-party system, one party consistently wins access to government but it tolerates smaller opposition parties (as long as they do not pose a serious threat to its ability to rule).
3. Predominant-party systems arise when, in a democracy, a party is able to win three or more consecutive elections.
4. Two-party systems are systems where two parties regularly compete, both expecting (quite reasonably) to win, and these parties do in fact alternate in power.
5. Systems of moderate pluralism display similar "mechanics" to two-partism, except that governments tend to be formed by coalitions of a large party and smaller (though still "relevant") parties.
6. In polarized pluralist systems, there are only peripheral alternations in power as the center (and usually largest) party is a usually member of all governing coalitions while the smaller coalition members are reshuffled.
7. Atomized party systems are so highly fragmented that the emergence of additional parties has no effect on election contests or government formation.

From a functionalist standpoint, a system change occurs whenever the pattern of competition associated with a specific party system type changes into, or is replaced by, the pattern that is associated with another type. In other words, party system changes reflect deep-seated transformations in the pattern of interparty competition. Such change, according to Sartori (1976, 244-5), may be due to incremental shifts in mass voting behavior, in which case the change is "endogenous" to the system and occurs "continuously." However, party system change may also be induced by "exogenous" factors and may represent a "discontinuous" rupture in the nature of political competition, as often happens when a regime transitions from autocracy to democracy (or vice versa).

Clearly, therefore, not all system changes are alike. A basic difference is that some party system changes are more dramatic than other changes. In addition, when real-world systems are compared, it is also obvious that system change occurs more frequently in some countries than in others; and that changes in some systems seem to follow a predictable sequence, while in other party systems, changes are much less predictable. Variation along these dimensions means that, to adequately measure party system change, we need to capture the frequency of party system change, the scope of party system change, and the variety of party system change. The first dimension provides an indication of how often party system change occurs; the second indicates the severity of these change in terms of what they represent for the functioning of the party system; and the third dimension provides an indication of the predictability of change.

Table 1. The Scope of Change Between Party System Types

	One-party	Hegemonic-Party	Predominant-Party	Two-Party	Moderate Pluralism	Polarized Pluralism	Atomized
One-party	—	1	2	3	4	5	6
Hegemonic		—	1	2	3	4	5
Predominant			—	1	2	3	4
Two-party				—	1	2	3
Moderate pluralism					—	1	2
Polarized pluralism						—	1
Atomized							—

The frequency of change is fairly intuitive. In a system that never changes, the frequency of change is zero, while in a system that undergoes change in each and every election the frequency is 1 (or 100 percent). The frequency of party system change is very simply computed by dividing the number of party system changes by the number of elections held. Obviously, when the frequency is high the party system is constantly changing—the pattern of competition is constantly in flux, which indicates that the distribution of political power is not crystalizing.

The scope of change is also reasonably simple. Party systems can be ranked along a continuum of fragmentation from the absence of fragmentation (i.e., total concentration) to atomization. The different types of party system can be placed along this continuum in the following order: one-party, hegemonic-party, predominant-party, two-party, moderate pluralist, polarized pluralist, and atomized. Change from any one of these types to a "neighboring" type amounts to a one-unit change. The scope of change increases as the distance between types increases, and it reaches its highest value for the pair one-party—atomization because in one case there is no fragmentation at all while in the other there is a maximum level of fragmentation. These points are summarized in Table 1.

The variety of change provides an indication of the morphability of a party system in its historical development; that is, the predictability of system change. This dimension is measured on the basis of the number of party system types that a country's party system adopts in the course of its history. A party system that takes only two forms is more predictable than a party system that takes five different forms.

By combining these three dimensions we construct an index of party system change and since in the literature party systems' propensity to change is known as "fluidity," we call our measure the "index of party system fluidity" or, for simplicity's sake, the "index of fluidity."

Let's see how this index can be computed. Imagine a real-world party system that undergoes a one-unit change from a predominant-party system to a

two-party system in the course of ten elections. The frequency is easily com-
puted as one change in ten elections or .10. The scope of change, that is the dis-
tance between these two-party system types, is 1. The variety is 2 since the
party system took only 2 forms, and the fluidity of the party system equals: .10
× 1 × 2 = .20.

Now, let us imagine a second party system that has changed twice in its his-
tory, from a one-party system to a two-party system and then again from a
two-party system to an atomized system. This party system is considerably
more "fluid"—more changeable—than the previous one. The frequency of
change equals 2/10 = .20; the scope is now 6, indicating the more drastic trans-
formation of this system compared to the first example; and the variety is 3,
suggesting that, in this case, party system change is less predictable than in the
first case. The level of fluidity for this party system is therefore: .20 × 6 ×
3 = 3.6. If we follow this procedure to compute fluidity for South East Asian
countries since independence or the end of the Second World War (whichever
is later), we find the values presented in Table 2.

Our estimates of fluidity reveal that there has been an overall increase in
party system instability, or fluidity, in the South East Asian region. Yet a closer
look at the data presented in Table 2 shows that there are three detectable his-
torical trends: party system instability has increased in Cambodia, Indonesia,
and Thailand. Major electoral-law reforms have been enacted in each of these
countries in recent years (Reilly 2007b). The electoral-authoritarian party sys-
tem in Singapore has remained unchanged; in Malaysia, there was a modest
increase in fluidity in the wake of the 2008 elections followed by a modest
decrease in the wake of the 2013 elections.

The Political Consequences of Party System Change

To examine the political consequences of party system change in South
East Asia, we apply a slightly modified version of the framework developed by
Leonardo Morlino for the purpose of analyzing the quality of democracy
(Morlino 2004a, 2004b; Diamond and Morlino 2004; Dressel, Morlino, and
Pelizzo 2011). Thus we assess the relationship between party system change, as
measured by the index of fluidity, and variables that tap (for the years 2008-13)
the functioning of the political system; the capacity of the political system to
promote freedom and equality; and the net inflow of foreign direct investment,
which is a crucial determinant of economic growth.

The functioning of the political system is assessed on the basis of its ability
to secure the rule of law, electoral accountability, inter-institutional account-
ability, and political competition. The output or content of a political system is
assessed on the basis of its ability to secure liberties/rights along with an equi-
table distribution of resources. A key departure from the framework originally
created by Morlino (2004a, 2004b) concerns the operationalization of the third
dimension, which concerns the outcome(s) or the results of a (democratic)

AQ2   **Table 2. Fluidity in South East Asia**

	Elections	Type of Party System	Number of ~~election~~	Number of Changes	Number of Party System Types	Scope	Fluidity Score
Cambodia	1993	Two	1		1		—
	1998	Two	2				0
	2003	Pre	3	1	2	1	.66
	2008	Heg	4	2	3	2	3.0
	2013	Two	5	3	3		**3.6**
Indonesia	1955	Atom	1		1		—
	1971	Pre	2	1	2	4	4
	1977	Pre	3				2.67
	1982	Pre	4				2
	1987	Pre	5				1.6
	1992	Pre	6				1.33
	1997	Pre	7				1.14
	1999	Pre	8				1
	2004	MP	9	2	3		2.67
	2009	Two	10	3	4		**4.8**
Malaysia	1964	Heg	1		1		—
	1969	Pre	2	1	2	1	1
	1974	Heg	3	2			1.33
	1978	Heg	4				1
	1982	Heg	5				.80
	1986	Heg	6				.67
	1990	Pre	7	3			.85
	1995	Heg	8	4			1.0
	1999	Pre	9	5			1.11
	2004	Heg	10	6			1.2
	2008	Pre	11	7			1.27
	2013	Pre	12				**1.16**
Singapore	1959	Heg	1	0	1	0	—
	1963	Heg	2				0
	1968	Heg	3				0
	1972	Heg	4				0
	1976	Heg	5				0
	1980	Heg	6				0
	1984	Heg	7				0
	1988	Heg	8				0
	1991	Heg	9				0
	1997	Heg	10				0
	2001	Heg	11				0
	2006	Heg	12				0
	2011	Heg	13				**0**
Thailand	1948	Atom	1		1		—
	1951	Atom	2				0
	1957	Atom	3				0
	1957	PP	4	1	2	1	.50
	1969	PP	5				.40
	1975	Atom	6	2			.66
	1976	PP	7	3			.85
	1983	Atom	8	4			1.0

Table 2. Continued

Elections	Type of Party System	Number of election	Number of Changes	Number of Party System Types	Scope	Fluidity Score
1986	PP	9	5			1.11
1988	Atom	10	6			1.20
1992	Atom	11				1.1
1992	Atom	12				1
1995	Atom	13				.92
1996	MP	14	7	3	2	3
2001	Two	15	8	4	3	6.4
2005	Pre	16	9	5	4	11.25
2007	MP	17	10			11.76
2011	Two	18	11			**12.22**

political system. For Morlino (2004a, 2004b), the outcome dimension refers to the level of legitimacy that the political system enjoys among its citizens. We focus instead on the legitimacy that the political system enjoys internationally. Here, an important gauge of its standing is its ability to appeal to international investors and thereby attract foreign direct investment. The rationale behind this focus is quite straightforward: there is no doubt that such investment has been beneficial to the economic performance of South East Asian countries and helped to preserve the performance-based portion of domestic legitimacy. Paul Krugman's (1994) argument that such resources were more important than improvements in technical efficiency in accounting for the economic success of the "Asian Tigers" is perhaps more questionable, but our argument does not rest on this stronger claim.

Table 3 presents additional details on the operationalization of these procedural sub-dimensions, variable choices, and data sources.

In Table 4 we present the results of descriptive statistical analysis performed with the ten variables included in the present study. As can be seen in that table, the fluidity of South East Asian party systems varies from a minimum of 0 (zero) in Singapore, where the pattern of interparty competition has never changed in the course of the country's post-independence history, to a maximum of 12.22 in Thailand, where a reduction in party system fragmentation has come at the price of greater party system instability. It should be noted though that the more recent party systems (since 1996) have supplied a context of enhanced governability compared with the relatively stable but highly fragmented systems that preceded them.

The effective number of parties (ENP) is relatively low in South East Asia during the period under consideration. The regional mean is 2.83 parties, which is a fairly low value in comparative perspective; and it would be even lower if, in Indonesia, the process of democratization that began with the demise of Suharto's *Orde Baru* had not been associated with a marked increase

Table 3. The Quality of Democracy: Dimensions, Variables, and Data Sources

Dimension	Sub-Dimension	Component	Variable	Data Source
Procedures	Rule of law	Physical integrity	physint	Cingranelli, David L., David L. Richards, and K. Chad Clay. 2014. "The CIRI Human Rights Dataset." http://www.humanrights-data.com. Version 2014.04.14.
		Corruption	CPI	Transparency ~~international~~
	Electoral accountability	Electoral self-determination	~~elec~~	Cingranelli, David L., David L. Richards, and K. Chad Clay. 2014. "The CIRI Human Rights Dataset." http://www.humanrights-data.com. Version 2014.04.14.
	Inter-institutional accountability	Accountability to other institutions	~~xconst~~	Polity IV
	Political competition		~~parcomp~~	Polity IV
Output	Freedom	Freedom	~~Civil liberties/ Political rights~~	Freedom House, Gastil Index
Outcome	External legitimacy	Foreign direct investments	FDI	World bank development indicators dataset

Table 4. Descriptive Statistics

Variable	N	Mean	Min	Max
Fluidity	30	4.16	0	12.20
ENP	30	2.83	1.05	7.19
Physint	20	3.95	1.00	8.00
CPI	30	44.4	18.00	93.00
ELESD	20	0.80	0	2.00
XCONST	30	4.70	3.00	6.00
FHCL	30	4.03	3.00	5.00
FHPR	30	4.20	2.00	6.00
Gini index	6	39.22	35.60	46.20
FDI	30	7.09	0.10	23.30

in the level of party system fragmentation. Nonetheless, ENP in South East Asia varies from a minimum of 1.05 registered in Singapore to a maximum of 7.19 registered in Indonesia.

Physical integrity varies from a minimum of 1 registered in Thailand in 2010 and 2011 to a maximum of 8 registered in Singapore in 2009 and 2011, a figure that is more than twice the regional average. The level of corruption, which we measure using Transparency International's Corruption Perception Index, varies from a minimum of 18 recorded in Cambodia in 2008 to a maximum of 93 recorded in Singapore in 2008.

Electoral self-determination reflects voters' ability to freely choose or change political leaders and thereby the course of policy in the country. It is measured using a variable called ELESD included in the Cingranelli-Richards Human Rights Dataset. The variable is a tri-chotomous variable that takes value "0" when a country in a given year does not give legal or statutory recognition to the right of self-determination by electoral means; it takes value "1" when these rights do exist but are not adequately enforced or protected; and it takes value "2" when these rights exist and are respected. For the other dependent variables the data cover the period 2008-13 period, but the data concerning ELESD cover only the shorter 2008-11 timespan. In this period, for the countries under study, ELESD varied from a minimum of 0 (recorded in Indonesia in 2008 and 2009; in Malaysia in 2008; in Singapore in 2008; and in Thailand in 2009 and 2010) to a maximum of 2 (recorded in Cambodia in 2010 and 2011), with an average of 0.80.

Inter-institutional accountability, measured using XCONST, is a seven-point variable that takes value "1" when the government is not subject to any kind of scrutiny and is not accountable to any other institutions, and takes value "7" when the government is instead very accountable for its actions. In the 2008-13 period in South East Asia, XCONST varied from a minimum of 3 (which indicates that government authority is only slightly limited) recorded in Singapore in each of the years under consideration, to a maximum of 6 (indicating that government authority is substantially constrained but neither equal

Table 5. The Political Consequences of Fluidity: Statistically Significant Correlations

	Fluidity	ENP
Physint	−.79 (.000)	−.46 (.039)
CPI	−.48 (.007)	−47 (.008)
Elesd	−.20 (.403)	−.32 (.162)
Xconst	.59 (.001)	.78 (.000)
Parcom	.22 (.232)	.64 (.000)
Fhcl	−.10 (.610)	−.72 (.000)
Fhpr	−.03 (.856)	−.82 (.000)
Gini index	−.14 (.790)	−.42 (.401)
FDI	−.56 (.006)	−.58 (.003)

1 nor subordinated to that of other state institutions) recorded in Indonesia for
2 the whole period under examination and in Thailand in 2011, 2012, and 2013.
3 In the 2008-13 period, the average XCONST in South East Asia was 4.70.

4 The level of civil liberties and political rights are measured on the basis of
5 indices computed by Freedom House. Both are expressed on a seven-point
6 scale, with a value of "1" indicating the maximum protection/respect for such
7 rights and liberties and a value of "7" indicating complete disregard for them.
8 In South East Asia in the period under study, the score for civil liberties varied
9 from a value of 3 in Indonesia in each of the years under consideration to a
10 value of 5 in Cambodia in each year of the 2008-13 period, with a 4.03 average.
11 The score for political liberties varied from 2 recorded in Indonesia in the
12 whole 2008-13 period, to a value of 6 in Cambodia recorded in each year of the
13 period under analysis, with an average of 4.20.

14 Data relating to the Gini index of income inequality are taken from the
15 World Bank Development Indicators dataset and offer rather scant informa-
16 tion as to the level of inequality in the region. In fact, the WBDI database pro-
17 vides an indication of inequality for only 6 of the 30 country-year cases
18 included in our sample: one data point for Cambodia and Malaysia, two for
19 Indonesia and Thailand, and none for Singapore. The data reveal a modest
20 increase in inequality in Indonesia and an even smaller decline in Thailand.
21 Overall, the level of inequality varies from a minimum of 35.6 registered in
22 Indonesia in 2010 to a maximum of 46.2 recorded in Malaysia in 2009, with a
23 regional average of 39.22.

24 Foreign direct investment is measured on the basis of the percentage of net
25 inflow of FDI as a percentage of GDP. While FDI has represented, on average,
26 7.09 percent of the countries' GDP in the region, there has been considerable
27 variation in FDI scale across countries and over time. In fact, FDI has varied
28 from around one-tenth of one percent of the Malaysian GDP in 2009 to in
29 excess of 20 percent of Singaporean GDP in 2010.

T5 30 The results of the correlation analyses, presented in Table 5, show there
31 is a strong association between the fluidity of a party system on one hand,

Table 6. Time-Series Analysis

Dependent Variable	Intercept	Fluidity	ENP	R-Squared
Physint	6.31 (.000)	−.36 (.000)	−.32 (.044)	.71
CPI	67.95 (.000)	−2.26 (.021)	−4.99 (.024)	.37
FDI	15.02 (.000)	−.68 (.019)	−1.88 (.012)	.50

and the rule of law, inter-institutional accountability, and foreign direct investment on the other. The ENP is also consistently related to these dependent variables. While ENP relates more strongly to FDI and inter-institutional accountability than does fluidity, the relationship between fluidity and rule of law, however measured, is stronger than between rule of law and ENP. Correlation analysis reveals, unsurprisingly, that ENP is also related, in a statistically significant way, to the level of civil liberties, political rights, and political competition.

When we perform time-series analysis and control for the effects of fragmentation of the party system, as measured by the ENP, we find that the relationship between fluidity and Physint, CPI, and FDI remains strong, negative, and statistically significant—as shown in Table 6.

This evidence suggests that increases in the level of fluidity or party system changeability have a detrimental impact on the rule of law even after we account for the effects of other contributing factors. Based on the theoretical logic behind the fluidity index, these results provide further evidence that the rule of law is intimately connected to the fundamental pattern of power relations in a country. Stability in the fundamentals of political competition, while clearly insufficient for the entrenchment of the rule of law, seems certainly a facilitating condition. Intuitively, legal regimes are most likely to be threatened and overturned following radical shifts in political-power relations. The more frequent, or more drastic, such shifts are, the greater the threat to law and order. Indeed, our empirical tests confirm that fluidity is directly associated with corruption and increasing risk to citizens' physical security. Furthermore, the fluidity of the party system, by increasing a country's real or perceived exposure to political risk, scares off prospective foreign investors, is responsible for a lower inflow of foreign direct investment, and appears ultimately to be highly detrimental to sustaining economic growth.

Conclusions

A considerable body of party system research has consistently shown that the characteristics of party systems, also known as party system

1 attributes, have a wide range of clearly identifiable consequences. For exam-
2 ple, the empirical scholarship has established that party system attributes
3 affect government stability, the quality of legislative output, the stability of
4 the constitutional order, as well as budget deficits and public debt. The anal-
5 yses performed in the course of this study corroborate the notion that party
6 system attributes matter. In fact, increases in the level of party system frag-
7 mentation, in party systems previously characterized by the presence of heg-
8 emonic or predominant parties, have gone hand-in-hand with and possibly
9 contributed to greater political transparency, greater inter-institutional
10 accountability, greater party competition, and enhanced freedom—however
11 measured.

12 This article, however, shows something that previous party system studies
13 have not documented—or at least not done so adequately—namely that party
14 system change also matters. We have identified and examined some of the con-
15 sequences of party system instability. In South East Asia, party systems charac-
16 terized by higher levels of party system fluidity, our measure of a party
17 system's propensity to change, are associated with, and possibly responsible
18 for, a worsening of the procedural quality of democracy. Where party system
19 fluidity is higher, there are greater risks to the physical integrity of ~~the~~ citizens
20 and there is more corruption. At the same time, our analyses reveal, party sys-
21 tem fluidity also has clear economic and developmental costs. Unstable party
22 systems—or party system instability—deters investors, has a detrimental
23 impact on foreign direct investment, and ultimately weakens the key engines of
24 economic growth in the region.

25 The index of fluidity can be used to assess the stability of party systems in
26 both democratic and nondemocratic settings. Depending on whether the party
27 system in question is democratic or nondemocratic, the index provides an indi-
28 cation of the overall stability of the overarching regime. Hence, in democratic
29 settings fluidity can be used as an indicator or predictor of democratic stability
30 and consolidation. This approach is consistent with the argument of party poli-
31 tics specialists that party system stability is related to party system institution-
32 alization and democratic-regime consolidation (see e.g., Croissant and Volkel
33 2012; Ufen 2008). In nondemocratic settings the index can provide an indica-
34 tion of the stability of autocratic rule. And to the extent that "good gov-
35 ernance" depends on a stable party system, the index of fluidity provides an
36 indication of whether a political system—whether democratic or not—is likely
37 to be a high- or low-functioning system.

38 The findings presented in this article have a clear policy implication: the
39 stabilization of the party system is essential for securing sustainable economic
40 growth and socioeconomic development. And insofar as party system insta-
41 bility is a function of the inadequate institutionalization of political parties in
42 the region, the development and institutionalization of South East Asian par-
43 ties is a requisite for securing prosperity in the region, as Huntington (2006)
44 argued.

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