

Why Are Party Systems Collapsing in the Most Developed Countries on Earth? -- Theories and Evidence

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The Stylized Facts:

Most European center-left parties, in decline for years, now collapsing.

- **1. France: 2017, Socialist Party presidential candidate gets 6.4% of vote after party won presidency and controlled Senate and lower house and most regions in 2012.**
- **2. Germany: SPD vote share halved since 1998; in 2017 down 5.2% to barely 20% from previous election; sinking in polls since.**
- **3. Netherlands: Dutch Labor Party vote in 2017 down 19 points from previous election.**
- **4. Greece: Pasok vote in 2009 was 43.9; in 2015 6.3%.**
- **5. Spain: Socialist Party vote declines from 43.9% in 2008 to 22.6% in 2016.**
- **6. Italy: Democratic Party and allies won 37% in 2008; in 2018 23%.**
- **7. Sweden: Social Democrats in 1994 won 45.2%; in 2018, 28.4.**

Two Ways “Populist” Parties Rise

US and UK: Populist wings grow strongly, mostly *within* existing major national parties, though in UK UKIP was briefly influential. In Italy, populist leaders also take over a major national party.

Elsewhere, most new populist forces organize as new parties.

Nearly all are openly right-wing, though Five Star in Italy claims to transcend left/right divisions.

Left populist parties grew episodically on the European periphery; but only two big movements exist in major countries: The UK Labor Party and the Sanders Movement in the US..

4 Broad Explanations:

- **1. “Cultural Backlash” – Early treatments of Populism traced it to value conflicts arising from modernization; psychological shocks and fears of the “Other”; flatly denied economic forces much importance, e.g., Inglehart and Norris, 2016.**
- **Strongly argued by many for 2016 election (Poli Sci consensus emphasizes race, gender in Trump vote; flat denials of econ influence continue[Krugman, 2018, citing PS studies]).**

2. Economic Pressures Arising From Globalization

- 1. UK: Becker, S. O., Fetzer, T., & Novy, D. (2016). Who Voted for Brexit ? A Comprehensive District-Level Analysis. CAGE Working Paper 305.**
 - 2. US: Autor, et al. (2017) – Imports; string of other papers, some critical.**
 - 3. Germany: Dippel et al., 2016, Südekum, 2017.**
 - 4. Algan et al., 2017 – Unemployment in many EU countries related to Populism**
- Cf. also INET Plenary Sessions, Edinburgh, October 2017.***

3. Statistical Studies of Financial Crisis and Great Recession:

Fin Crises Advantage Right Wing Parties

- 1. de Bromhead, Eichengreen, O'Rourke 2013 – Pre-WWII crises benefit right wing Parties, though extent varies with conditions -- how long the slump continues, WWI, and pol traditions**
- 2. Funke et al., 2016 – Confirm the benefit to only the Right**

4. Piketty: Brahmin Left and Merchant Right

- **Old system:**
- **“In the 1950s-1960s, the vote for “left-wing” (socialist-labour-democratic) parties was associated with lower education and lower income voters. This corresponds to what one might label a “class-based” party system: lower class voters from the different dimensions (lower education voters, lower income voters, etc.) tend to vote for the same party or coalition, while upper and middle class voters from the different dimensions tend to vote for the other party or coalition.”**

New System:

Since the 1970s-1980s, “left-wing” vote has gradually become associated with higher education voters, giving rise to what I propose to label a “multiple-elite” party system in the 2000s-2010s: high-education elites now vote for the “left”, while high income/high-wealth elites still vote for the “right” (though less and less so).

I.e. the “left” has become the party of the intellectual elite (Brahmin left), while the “right” can be viewed as the party of the business elite (Merchant right).

I show that the same transformation happened in France, the US and Britain.

Problems With the Statistical Studies:

The exceptions are of overwhelming importance:

**Pre-war: New Deal; Blum Gov't in France;
post-2008: Obama twice elected.**

Completely unexplained in the stat studies.

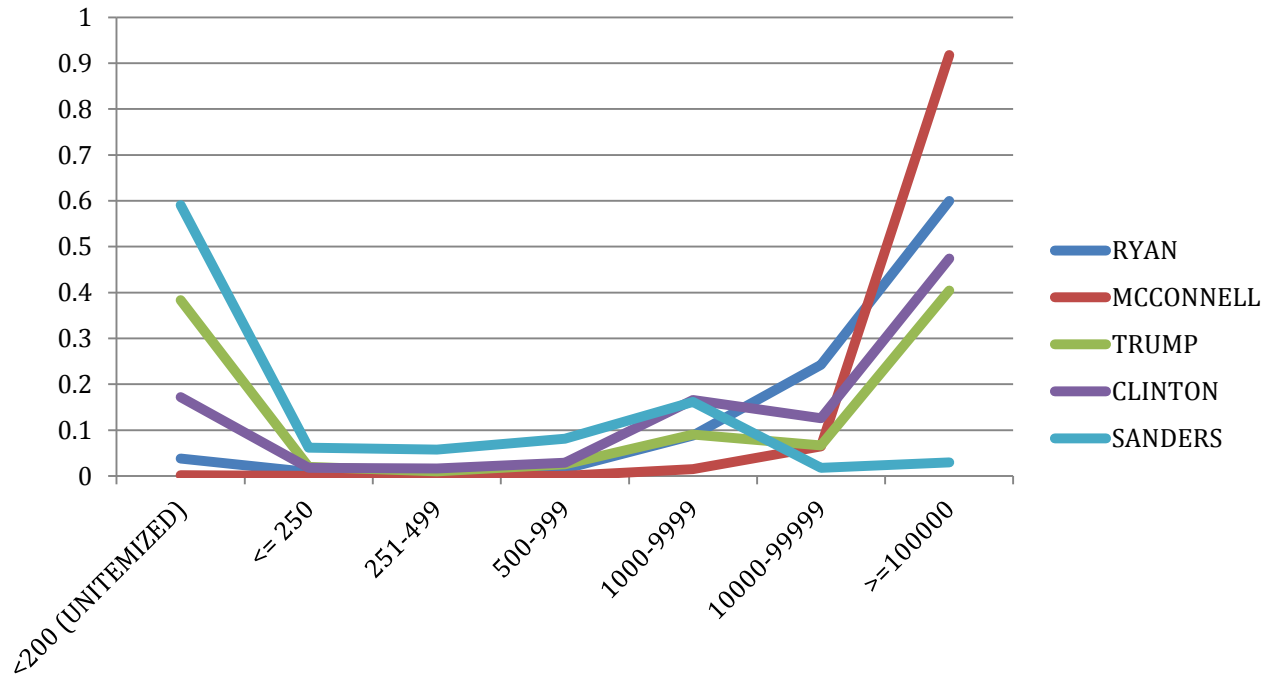
**Censored sample before WWII: elections in many countries were tightly controlled: leftist surges meant end of the regime, e.g., Ebert and SPD; postwar is straightforward:
Left parties act Right**

Problems With Piketty

- **Simply false to claim that Right Parties represent the business elite, while left parties the highly educated: he recognizes that median voter accounts are way off, why then fixate on precise voting totals as the explanation? The Gilens and Page result for US, now also found in Germany.**
- **“Education” is systematically misunderstood in the Information Age and the triumph of fiscal austerity.**

2016 and the Trump Era: One Picture Worth 1000s of Words

Data for Ferguson, Jorgensen, Chen, 2018



2012: Support for Candidates Full Sample and Big Business Only Percentage of Firms Contributing

Ferguson, Jorgensen, Chen 2013

Candidate	% All	% Big Bus
Obama	23	57
Romney	41	77
Bachmann	2	14
Cain	3	16
Gingrich	3	18
Huntsman	2	10
Paul	5	30
Perry	4	18
Santorum	4	21
Pawlenty	2	12
	N=23,590	N=777

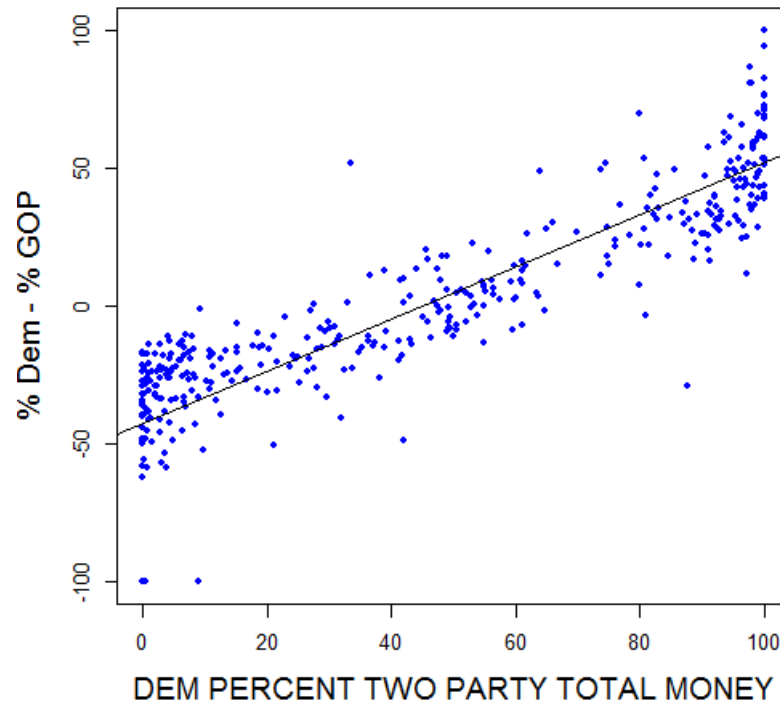
Formal Campaign Money is Only A Slice of the Spectrum of Political Money

Figure After Ferguson, Jorgensen, and Chen, 2017

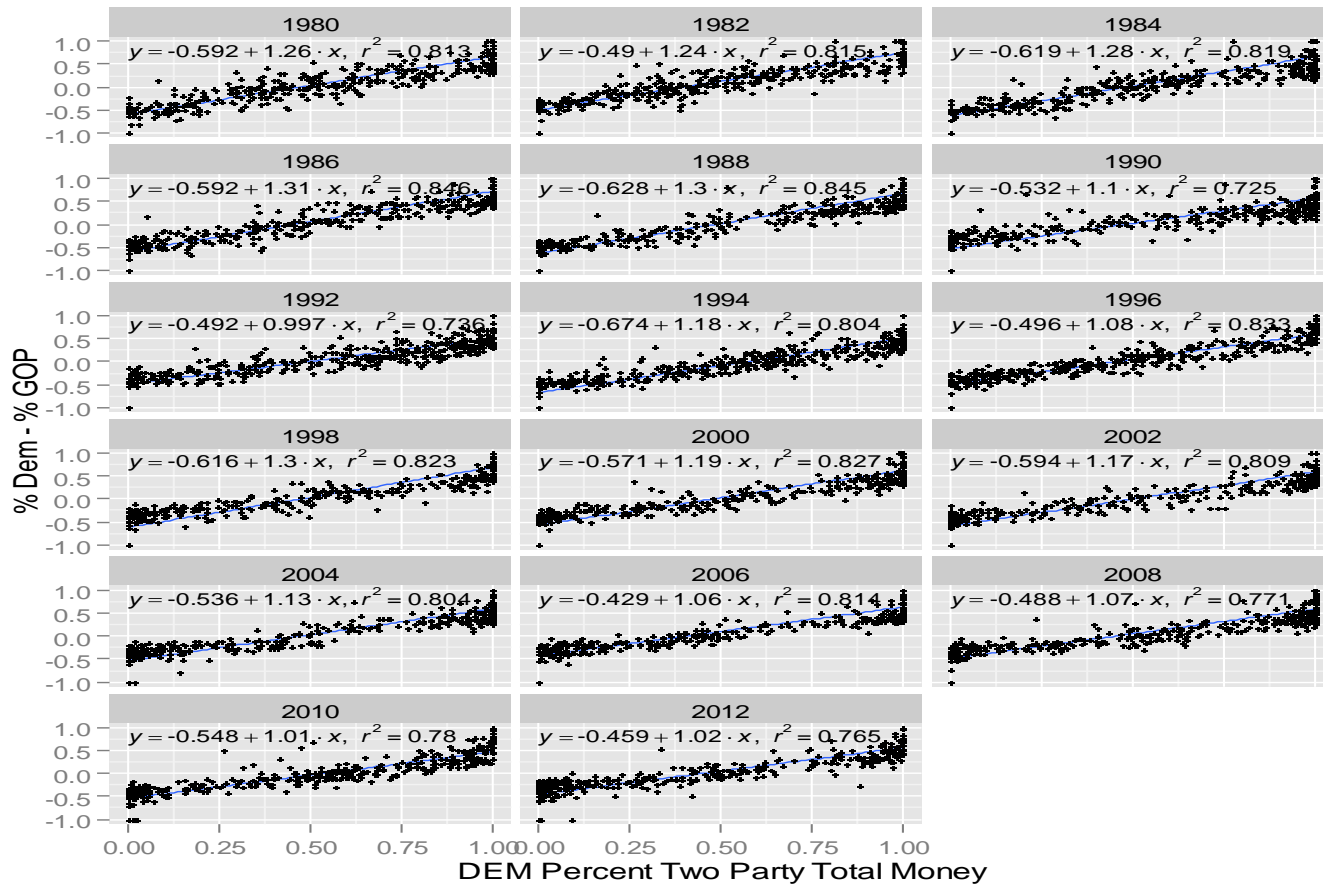
<p>1. Payments to Lawyers for Services (After Stigler, See Text) Substantial, But Unknown</p>	<p>2. Payments to Political Figures Many Hundreds of Millions of Dollars Includes Certain Directors Fees, Speaking Fees, Book Contracts; Some “Research” and Philanthropic “Advice” From Consultants</p>	<p>3. Foundations and Charitable Grants Many Not Political; Some That Do Go Through Think Tanks \$296 Billion in Total Giving in 2006; Perhaps 3 to 5% Might Count as Broadly Political</p>	<p>4. Lobbying Legal Definition Is Very Narrow 2010 On the Record Totals Approx. \$3.5 Billion. \$ Refers to Washington, D.C. Lobbying in States and Cities Also Large</p>	<p>5. Think Tanks Rapid Growth Especially Since 1970s In 2005 Major D.C. Based Think Tanks Spent Approx \$411 Million Many More Now Outside Washington, D.C. Not Included in Estimate</p>	<p>6. Formal Campaign Spending Total Expenditures on Federal Campaigns Only \$5.2 Billion in 2008; State and Local Spending Heavy, Too</p>	<p>7. Value of Stock Tips, IPOs To Political Figures “Event Analysis” Studies Suggest Very Large in Certain Periods See Text</p>	<p>8. Public Relations Spending Some Certainly Affects Politics</p>
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Linear Models of Legislative Elections: U.S. House 2012; All Such Elections For Which We Have Data, **Including France (!)** Look Roughly Like This

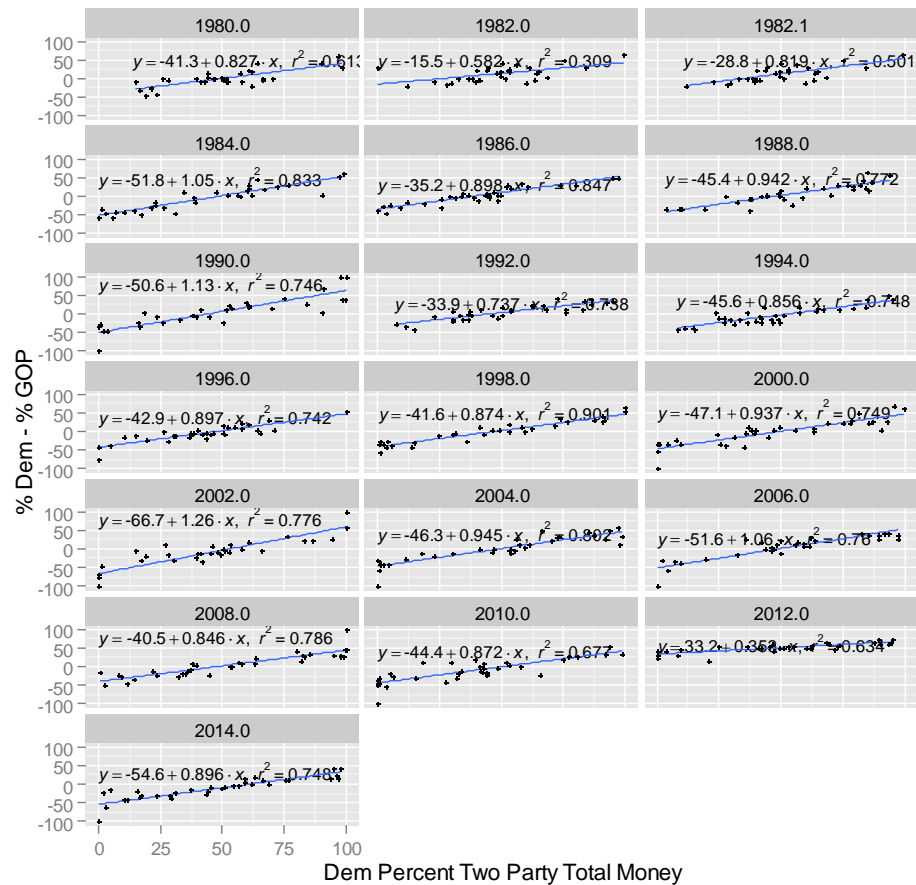
2012: Pseudo-R Sq .779; Bayesian Latent Spatial Instrumental Regression, Ferguson, Jorgensen, Chen 2016



House 1980-2012



Linear Model: Senate 1980 to 2014



Conclusion: Globalization Generates Or Intensifies Existing Pressures toward Dual Economies

- 1. Increases in Income Inequality; Wealth Inequality**
- 2. Pressures to Lower Tax Rates, Esp. on High Incomes**
- 3. Restructuring of Jobs, Careers, Consequent on Reorganization of Firms.**
- 4. Permanent Fiscal Squeezes over Long Periods of Time**
- 5. Laissez Faire for Most Citizens, But State Guarantees and Support for FTE**

(Temin, Storm, Lazonick, Ferguson, Jorgensen, Chen – All INET Working Papers; David Weil on Job Fissuring

The European Union Enters the Danger Zone; When Businesses Bail

**European Union, Social
Democrats, American
Democrats –
Weaker Econ Appeals,
Identity Politics**

**So the Issue is Top Down Led or Bottom Up Led
Movements for “Change”:**

**Crucial Question is Alignments Within Business
Community:**

**US, UK, distinctive in that they both have very large Free
Market Fundamentalist Blocs;**

**Contrast Macron, German Situation; Also Parliamentary
Coalitions Harder to Organize**

**Movements Against Globalization Have Succeeded With
Strong Support From**

**Free Market Fundamentalists; Stance of the Rest of
Business Becomes Crucial As These Movements Assume
Power**

**Claims that economic
issues did not affect
voting patterns in the
2016 election are false.**

**Ferguson, Page,
Rothschild, Chang,
and Chen, 2018:**

Predictors of 2016 presidential election vote choice.

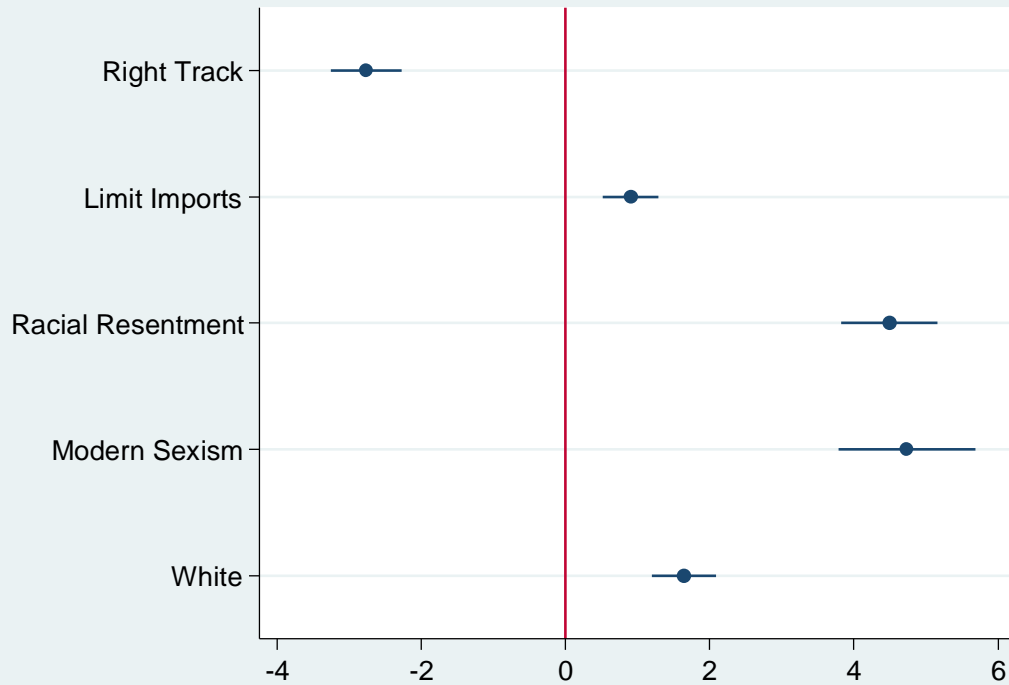
	(1)	(2)	(3)
Right Track	-2.273*** (0.282)	-2.762*** (0.250)	-2.380*** (0.345)
Limit Imports	0.903*** (0.226)	0.905*** (0.196)	1.027*** (0.249)
Racial Resentment	3.907*** (0.365)	4.491*** (0.336)	3.947*** (0.508)
Modern Sexism	4.081*** (0.537)	4.736*** (0.482)	3.924*** (0.613)
White	1.243*** (0.248)	1.642*** (0.225)	1.210*** (0.248)
ACA Approval	-3.233*** (0.270)		
Party ID			5.738*** (0.450)
Constant	-3.267*** (0.346)	-5.466*** (0.320)	-7.584*** (0.537)
Observations	2,620	2,621	2,620
Pseudo-R ²	.58	.52	.63

Issues Affecting General Election Voting

Note: DV for each column is 2016 vote choice, with 0=vote for Clinton and 1=vote for Trump. Cells are logit coefficients with standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Issues Affecting General Election Voting

Predictors of General Election Vote Choice



Pseudo- $R^2 = .52$

- **Weighted Racial Resentment Means**

- 2008

- overall mean = 3.46
- GOP mean = 3.84
- Dem mean = 3.16

- 2012

- overall mean = 3.52
- GOP mean = 3.99
- Dem mean = 3.11

- 2016

- overall mean = 3.19
- GOP mean = 3.78
- Dem mean = 2.63
- GOP primary voter mean = 3.84
- Trump primary voter mean = 3.99

**Racial Resentment
Four Question Scale
Repeated From
Election to Election
Means in Both Parties**

- **Weighted Modern Sexism Means**

- 2008

- overall mean = 2.54
- GOP mean = 2.60
- Dem mean = 2.36

- 2012

- overall mean = 2.48
- GOP mean = 2.71
- Dem mean = 2.26

- 2016

- overall mean = 2.34
- GOP mean = 2.66
- Dem mean = 2.03
- GOP primary voter mean = 2.65
- Trump primary voter mean = 2.74

Modern Sexism Scale

Market capitalization of listed domestic companies (current US\$)

World Federation of Exchanges database.

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Problem of Money in Politics is Problem of Money in Society (Think Inequality)

Figure After Ferguson and Johnson, 2013

