

Party Systems, Inequality, and Redistribution

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Abstract: Political parties have long been theorized as a key political institution that links society with the formal political system, and thus have often featured prominently in theories of political economy and redistribution. Curiously however, until recently party systems have received substantially less attention in theories seeking to explain redistribution among both democratic and non-democratic regimes. This article builds on this nascent literature by conceptualizing the relationship between party systems, inequality, and redistribution, advancing the argument that at least a portion of inequality and income redistribution in any given country is attributable to dynamics within its party system — particularly their structure and institutionalization. Hegemonic party systems can initiate large waves of social reform and redistribution in their formative years but their redistributive prospects significantly wane the longer a hegemonic party remains in power, while two-party systems are unlikely to provide much, if any, alleviation of inequality. Multi-party systems provide the greatest potential to redistribute but the relationship is conditional on their relative institutionalization. Stable multi-party systems with institutionalized parties are more likely to exhibit both lower levels of inequality and redistribute more income, whereas inchoate counterparts are unlikely to be more redistributive than either hegemonic or two-party systems.

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In 1928 the Colombian military killed hundreds of workers striking against the United Fruit Company, adding gasoline to an already smoldering constellation of groups disillusioned with decades of oligarchic rule. Riding this wave of disenchantment, Alfonso López Pumarejo took the leadership of the Colombian Liberal Party and the presidency in 1934. Under Liberal hegemony López advanced a number of redistributive social reforms. However, despite some initial successes, his intended goal of more expansive redistribution was met with intense opposition, particularly during his second administration — many members of his own party coalesced with the opposition to block legislation. Cognizant of López's failures from above, Jorge Eliécer Gaitán built a highly organized faction within the Liberal Party in an attempt to seize the party and convert it to a social democratic and populist counterpart. However, Gaitán was assassinated in 1948, which sparked a wave of violence and civil war, and eventually to a power-sharing pact between the Conservatives and Liberals that once again consolidated elite rule and the exclusion of the popular sectors for decades.

Colombia's two-party system was not designed to articulate redistributive demands from below. Indeed, it was constructed for largely the *opposite* — its two-party system functioned by perpetuating elite factional conflict while excluding those anathema to oligarchic interests. Colombia's exclusionary traditional party system is far from unique. The United States has not experienced a wave of deep and structural redistributive social reforms following Democratic hegemony under Franklin D. Roosevelt and Lyndon B. Johnson, where a competitive and stable two-party system has choked out attempts at redistribution since. Comparable dynamics are familiar to students of countries as far ranging as the Bahamas,

Benin, Jamaica, Paraguay, the United Kingdom, and Venezuela. However, it is also clear that some party systems, in contrast to others, provide greater institutional latitude for the advance of redistributive demands from a more pluralistic cross-section of society — or at the very least, the potential for that space to open. It is precisely this variation that this article seeks to conceptually map and theorize, within the broader goal of understanding how party systems shape trajectories of redistribution and inequality.

Political parties, and in extension party systems, have often been recognized as *the* institution that aggregate societal demands and links broader society to the formal political system. Curiously, however, our most prominent theories of democratic redistribution largely neglect party *systems* as a causal factor for affecting inequality among democracies. That is not to say that political parties have not been featured in the political economy literature (e.g. Boix 1998; Iversen and Soskice 2006; Huber and Stephens 2012; Boix 2015; Rasmussen and Knutsen 2021).¹ However, there exists remarkably scant attention devoted to the role of party systems or their systemic properties for explaining outcomes on inequality and redistribution, much less placing them at the center of analysis.²

The relative neglect of studying party systems as a lens for understanding inequality becomes more puzzling considering that a large, and growing, literature has cataloged their myriad effects on policy-making (e.g. O'Donnell 1994; Mainwaring 1999; Mainwaring and Zoco 2007; Bawn et al. 2012; Flores-Macías 2012; Karakoç 2017; Bizzarro et al. 2018; Karakoç 2018; Mauro 2021; Rasmussen and Knutsen 2021). In short, the organization and stability of party systems affects the type, propensity, and depth of democratic representation

and policy-making. Since party systems are endemic to most political systems, overlooking how they condition redistribution severely limits our theories of political economy. To those ends, this article situates party systems at the center of the analysis, theorizing that dynamics within party systems are fundamental to patterns of social reform, redistribution, and levels of economic inequality.

I argue that two party systems dynamics, in particular, are critical to inequality and redistribution: their structure and institutionalization. The structure of party systems shapes intra- and inter-party competition, expanding or contracting the space in which social reforms are advanced in the political arena. In their formative years, hegemonic party systems (those where one party dominates elections) incentivize elites to incorporate the masses through the advance of transformative social reforms, but over time elites resist redistribution and instead maintain mass support through more clientelistic and patronage-based distributional politics. In contrast, two-party systems foster environments of elite capture and intra-party factionalism that inhibit the advance of redistributive social reforms, reducing the likelihood that two-party systems will be associated with any substantive income redistribution or alleviation of inequality.

Multi-party systems provide the greatest potential for redistribution, but it is unlikely to be realized in the absence of party system institutionalization. Institutionalized multi-party systems provide latitude for the emergence of programmatic left or working class parties, while also promoting deeper and more pluralized linkages with society that more effectively aggregate redistributive demands, thus increasing the likelihood of broad-based redistributive

social reforms and the amelioration of inequality. However, inchoate multi-party systems rest on weaker voter-party linkages and their volatility favors strategies of particularistic social reforms aimed at key constituents over others, and therefore are unlikely to provide any more redistributive benefit than hegemonic or two-party systems.

The central goal of this article is to provide a theoretical foundation to underpin future research on how party systems relate to patterns of income inequality and redistribution. I first conceptualize the relationships between party systems, inequality, and redistribution. I then theoretically build upon this conceptualization, probing why the structure and institutionalization of party systems fundamentally affects redistribution. Finally, I conduct some straight-forward empirical tests on the broader relationships advanced here to empirically ground the theory.

Party Systems as Causal Factors for Redistribution

While I argue party systems have not been given due attention, it would be incorrect to claim that party systems have not featured in theories of redistribution. Perhaps most notably, Iversen and Soskice (2006) argue that proportional electoral systems exhibit greater redistribution among democracies, given their propensity to favor center-left coalitions in government. In contrast to proportional electoral systems, majoritarian electoral systems incentivize equilibria between two major parties, exerting a ‘conservative bias’ towards the moderation of political leaders and policy-making. There is also, of course, an incredibly deep literature emphasizing how political competition between parties within party systems affects

policy outputs (e.g. Downs 1957; Kitschelt 1994; Green-Pederson 2001). While both of these literatures have contributed to our understanding of the welfare state and redistribution, neither treat party systems as the central factor in their theories — party systems are not simply intermediary processes that can be reduced down to their respective electoral systems, nor relatively static arenas in which individual parties compete. Electoral institutions are not always excellent predictors of the relative organization or stability of party systems (e.g. Hicken and Kuhonta 2011; Mainwaring and Bizzarro 2018). And while Downsian-style models reveal insights into how individual, or a set of, parties behave or may advance policy reforms in differing contexts of competition, they rarely treat party systems as dynamic themselves — models of party competition regularly employ static assumptions that strip away the very features within party systems that this article attempts to place front and center.

We should also resist temptations to reduce party systems down to the socioeconomic environments they are situated in. Classic sociological literature stresses that divisions between economic or social groups may magnify conflict and polarization within political systems (Lipset 1959). More equitable distributions of wealth or income may enhance political competition, whereas high levels of economic inequality undermines the emergence of political parties with bases among the popular sectors (Dahl 1971). There is indeed some evidence to suggest that economic and inequality determinants do map onto patterns of party system development (e.g. Bernhard and Karakoç 2011; Mainwaring and Bizzarro 2018). Although I cannot definitively conclude the directionality of the relationship between socioeconomic

determinants and party systems here, I argue that the sequence of change between the two phenomena across a wide variety of cases suggests some portion of the causality flows in the direction theorized here.

In many cases, patterns of party system development do not square with theories that suggest inequality as a primary determinant. In Latin America for example, historical development of party systems have been theorized to be largely orthogonal to economic development (e.g. Bornschier 2019), nor have economic conditions or large disparities of wealth necessarily led to distinct patterns of party system strength or weakness (Luna 2014b).³ Contemporary party systems in sub-Saharan Africa also have weak relationships to economic or socioeconomic determinants (Kuenzi et al. 2019), and in many regions party systems are particularly tethered to previous authoritarian incumbent and regime behavior instead (Hicken and Kuhonta 2011; Riedl 2014).

Furthermore, a cursory look at the sequencing of select cases within highly unequal and late-democratizing regions reveals incongruence with theories that predict inequality to be the major determinant of the structure or institutionalization of party systems. Among the world's most unequal democracies, Brazil and El Salvador, experienced the gradual institutionalization of their party systems throughout the 1990s and early 2000s and subsequent waves of redistribution approximately a decade thereafter. These dynamics are not limited to Latin America, as similar sequencing has been prominent in the highly unequal and late-democratizing sub-Saharan Africa. Prohibitively high levels of inequality did not begin to substantially fall until following the breakdown of hegemons into multi-party systems in

Burkina Faso, Kenya, and Lesotho, while those that splintered into two-party counterparts saw subsequent rises in inequality in Cote d'Ivoire and Ghana. Theories that stress the destabilizing effects of high inequality on party systems cannot account for these cases.

While these incongruencies should draw some skepticism towards inequality being the primary driver of party system development, it is plausible that party systems and inequality mutually reinforce one another. Inequality is associated with the underdevelopment of programmatic linkages (Luna 2014b, 292-302), as large disparities between social groups open up avenues for parties to cater to wealthier groups through programmatic policies but engage in clientelism among poorer segments, potentially undermining the advance of universal and cross-cutting redistributive social reforms. Inequality also lessens social affinity between groups and higher segmentation in labor markets, thus undercutting preferences for redistribution (Alt and Iversen 2017), while the structure, or skew, of inequality between classes decreases the prominence of left-wing parties in government (Lupu and Pontusson 2011). For these reasons, it is not improbable that egalitarian societies may favor more programmatic multi-party systems, and that over time these party systems contribute to the re-entrenchment of greater income redistribution and further cementation of stable party systems with strong party-voter linkages.

While a formal treatment is well outside the scope of this article, I argue that the origins of party systems are, at least in part, exogenously driven by intense episodes of conflict rather than levels of inequality. Classic and emerging literature stresses conflict for shaping the emergence of political parties and party systems (e.g. Lipset and Rokkan 1967; Huntington

1970; Slater and Smith 2016; Levitsky, Loxton, and Van Dyck 2016). Episodes of intense conflict — whether violent or otherwise — are particularly rich environments for the eventual formation of organized parties; extraordinary conflict enhances the partisan attachments and organization-building critical to the emergence of durable political parties (Levitsky, Loxton, and Van Dyck 2016, 14-23). That is, the necessary organizational capacity generated by civil society to function in times of conflict, and the deep partisan ties or cleavages that evolve from them, provide the seeds for the rise of political parties — many of democracy’s most enduring parties have strong roots in events such as civil conflict, regime struggles, or revolution. It is also true that the emergence of newly organized parties from episodes of conflict, as well as their entrance into traditional party systems, has reverberation effects on other parties and the party system at large. Similar to dynamics underpinning the ‘contagion of the left,’ (Durverger 1954), new entrants can spur organizational and behavior from traditional parties, ushering in new paths of party system structure and institutionalization.

Importantly, the arguments made here are not equipped to present a comprehensive account of party system emergence or change, but rather to stress that the structure and institutionalization of party systems cannot simply be reduced to their respective electoral systems or preexisting socioeconomic conditions. Party systems may have origins or operate in a manner partly or entirely orthogonal to the institutional or economic environment they are situated in. And given that party systems may exhibit at least some degree of independence from their institutional or economic settings, we should be particularly inclined to place sufficient attention on how their characteristics shape patterns of inequality and

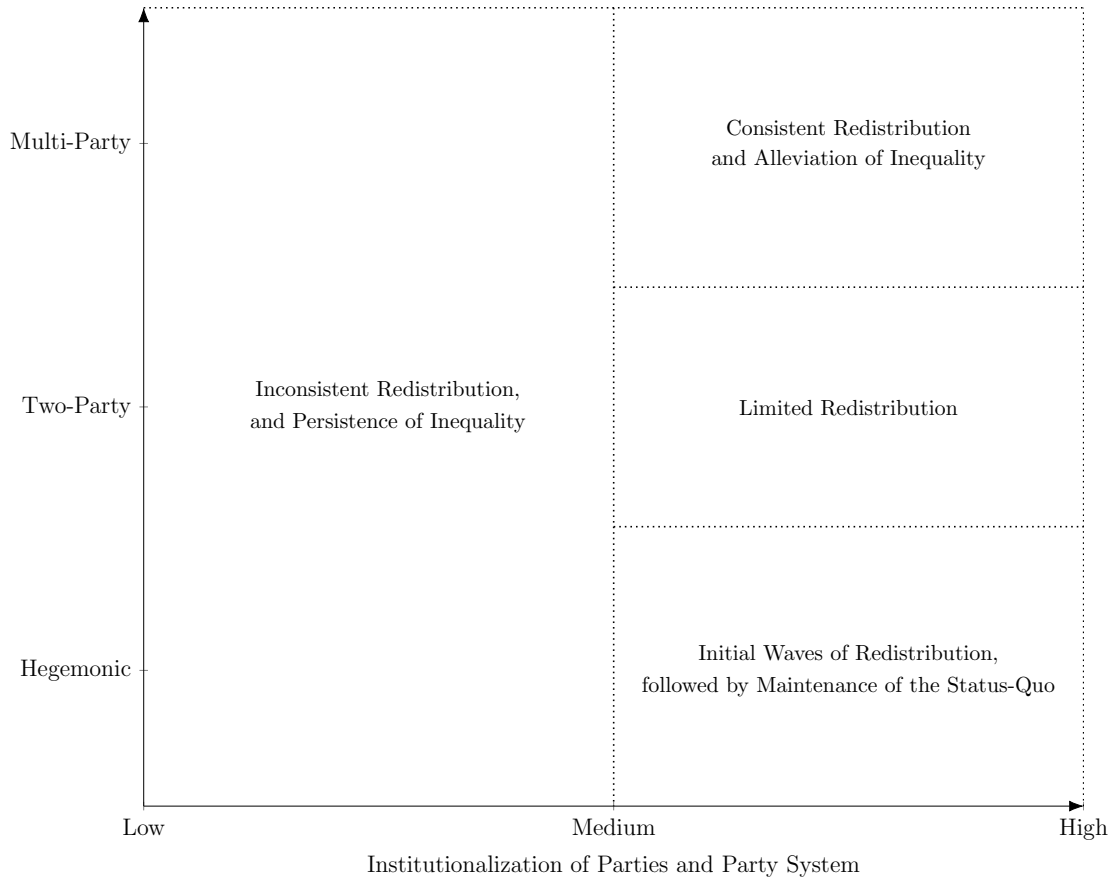
redistribution.

Conceptualizing Party Systems, Inequality, and Redistribution

If party systems are critical for redistribution, what party system characteristics account for differences in social reform, redistribution, and inequality? I argue that there are two predominant dimensions — party system structure and institutionalization — that shape broader paths of inequality and redistribution.

I define the structure of party systems as the type of interparty competition that takes place among its major parties.⁴ Given that the structure of party systems reveals a lot of information about how competition functions in any given polity and its policy outcomes (Satori 1976; Lijphart 1984; Morelli 2004; Chhibber and Nooruddin 2004), it has long been theorized to affect a plethora of economic, political, and social phenomena (e.g. Durverger 1954; Lijphart 1968). I argue that inequality and redistribution are no exception to this rule. However, while the structure of party systems accounts for some degree of interparty competition, it does not provide much leverage for capturing how *stable* competition is between parties nor how organized political parties are in any given party system. The second dimension, party system institutionalization, is the degree of consistent and patterned interactions between parties and the relative organization and roots in society among major parties within any given party system (e.g. Mainwaring and Scully 1995, 4; Mainwaring 1999; Mainwaring 2018).

Figure 1: Party Systems, Inequality, and Redistribution



Either of these two dimensions has the power to shape socioeconomic outcomes alone. However, they often interact with one another in important ways, and only a complementary approach integrating the two enhances our ability to understand democratic redistribution. For example, we should not expect all multi-party systems to produce highly congruent policy or socioeconomic outcomes — there exists profound variation between strongly and weakly institutionalized multi-party systems.

Figure 1 stylistically represents the property space of party systems, inequality, redistribution. The y-axis represents the structure of the party system while the x-axis is the

degree of institutionalization of the party system. As a baseline, weakly institutionalized party systems — regardless of whether they are hegemonic, two-party, or multi-party — are likely to possess higher levels of inequality and redistribute less income. Stable hegemonic party systems exhibit a bifurcated effect on redistribution based on time; the formation of hegemons may coincide with initial waves of transformative redistribution, but succumb to the reinforcement of existing levels of inequality and redistribution the longer they remain in power. Two-party systems, irregardless of their institutionalization, are associated with limited redistribution. Finally, the most favorable environment for redistribution and the alleviation of inequality are institutionalized multi-party systems.

We should not consider the boundaries in Figure 1 to be highly demarcated. The boundary that exists at ‘medium’ levels of institutionalization, for example, is relatively arbitrary — not only is there no obvious value we can use to differentiate the institutionalization of party systems, but we should also expect a great many party systems to fall within this range. Rather, the property space presented here offers a heuristic that aids our ability to identify patterns of redistribution across a broad spectrum of political systems.

Hegemonic Party Systems and Bifurcated Redistribution

In their formative years hegemonic parties seek to build dominant coalitions that establish both a minimum threshold of elite cooperation and attract support from the masses. However, the inclusion of the popular sectors requires a credible commitment — one common approach to incorporating the masses is by advancing a set of far-reaching social re-

forms and redistributive projects. Although the origins of Mexico's *Partido Revolucionario Institucional* (PRI) can be traced to Plutarco Elías Calles' institution-building to quell revolutionary warlords, it did not cement its dominant coalition until the implementation of transformative land reforms, public education, and the co-optation of labor under Lázaro Cárdenas (Greene 2007, 75-77). Similarly, the *Kuomintang* (KMT) greatly expanded its social base from its formative elite origins through land redistribution to win the favor of small farmers in Taiwan (Cheng 1989, 480). The political capital accrued from establishing social order also presents opportunities to initiate transformative reforms, as near unconstrained institutional powers allow hegemons to pursue expansive programs with relative ease — transformative redistributive projects are more common when institutional power is concentrated (Albertus 2015, 66-71). To be clear, the formative years of hegemonic party systems do not *necessarily* lead to initial waves of transformative redistribution. However, the incentive structure for building dominant coalitions — and in particular, the capture of mass populations — as well as their ability to harness institutions can induce hegemons to embark on initiatives that significantly redistribute wealth, income, or land.

Despite favorable conditions for transformative social reform in their formative years, tensions between maintaining elite cohesion and the demands of the masses as hegemonic party systems remain in power shifts the logic from redistribution to the distributive politics of patronage and clientelism. Hegemons rely on the masses for electoral support, but they must also maintain unity among economic and political elites to ensure their survival (Magaloni 2006; Greene 2010). Yet, elites' interests are rarely congruent with far-reaching

redistributive programs, and over time intra-party elite factions often exert a moderating effect on the policy-making of hegemons (Greene 2010). Hegemonic parties often navigate these tensions by utilizing their privileged access to state resources and conditionally distributing rents or government positions to the middle and upper classes, while also supplying material goods to poorer voters in exchange for political support (Zhong and Chen 2002; Magaloni 2006). Yet, these strategies of co-optation are unlikely to do more than reduce poverty at the margins, and instead promote the *entrenchment* or *persistence* of inequality given a lack of substantive redistribution of wealth or income. In turn, while the formative years of hegemonic party systems can usher in periods of substantial alleviation of inequality, the longer a hegemon remains in power the higher the likelihood that levels of inequality will remain stable or rise.

The bifurcated relationship between hegemonic party systems and redistribution across time presents itself across a wide variety of hegemonic party systems, transcending authoritarian and democratic regime-types. While the KMT and PRI in Taiwan and Mexico initially relied on land reform to incorporate the masses into the party, they both heavily relied on the distributive politics of patronage and clientelism for the maintenance of political support in its later years (Tien 1997; Greene 2007). In the case of Malaysia, the United Malays National Organization (UMNO) took a different path towards substantive social reform in its early years, with large-scale economic and social reform programs — the ‘National Economic Plan’ (NEP) — designed to redistribute wealth from ethnic Chinese to Malays. And while these programs certainly advanced a more equitable distribution of wealth and income

during this period (Kuhonta 2011), they also provided the opportunity for UMNO to harness the state's resources in later years for electoral benefits (Huat 2017), and Malaysia's inequality has remained stable for decades since.

Hegemonic party systems are not limited to authoritarian regimes, and similar pressures to redistribute in their formative years while maintain the status-quo thereafter exist in democratic settings. Colombia's only two waves of redistributive social reforms during the twentieth century coincided with the emergence of Liberal hegemony in the 1930s and 1990s — with the recognition of organized labor and land reform under President Alfonso López and the introduction of a number of constitutional social protections and expansive healthcare reform under President César Gaviria. Yet, the subsequent years of hegemony following these reforms were characterized by the maintenance of the status-quo through extensive clientelistic machine politics and a lack of redistribution (e.g. Morgan 2011; Gutiérrez-Sanín 2017). Following independence and the establishment of democratic elections, Namibia's South West Africa People's Organisation (SWAPO) sought to coalesce disparate social groups under hegemonic rule through the implementation of land reform that redistributed land from white populations to black farmers (Cousins and Scoones 2010), but has failed to substantially alter the country's prohibitively unequal distribution of wealth and income despite over three decades of hegemony since. Even in a country with a hegemonic party often referred to as conservative, Japan's Liberal Democratic Party (LDP) spearheaded expansions of health insurance and social security in its formative years to incorporate its rural and elderly base then pursued a more limited 'Japanese-Type Welfare Society' in the

1970s (Watanuki 1986; Chopel, Kuno, and Steinmo 2005), underpinned by an extensive patronage and clientelistic network to maintain political support.

Two-Party Systems and Limited Redistribution

Two-party systems are those where two parties capture a sizable, if not vast majority, of the vote share. While all two-party systems possess two dominant parties, they may also exhibit variation in the degree to which third or minor parties garner some portion of the vote share but not enough to truly affect the policy-making process — the two major parties in Jamaica and the United States, for example, regularly capture approximately 99 percent of the vote share, whereas minor parties exist and compete in countries such as Australia and New Zealand but rarely receive more than 10 percent of the vote share. Regardless of their relative level of institutionalization, two-party systems have limited prospects for redistribution due to their high propensity for intra-party factionalism and elite capture.

The structure of two-party systems necessitates political parties to incorporate highly heterogeneous coalitions, producing downstream intra-party factional conflict that undermines the advance of redistributive social policy. Major parties in two-party systems are required to capture roughly half of the electorate to remain competitive. These significant demands on capturing vote share induce costs on the major parties, as two-party systems necessitate their two dominant parties to incorporate highly heterogeneous coalitions comprised of a wide range of social groups and classes. In turn, parties in two-party systems most closely approximate the ideal type of ‘catch-all’ parties where ideology and class are

largely subsumed to a leadership structure that manages a highly heterogeneous collection of factions and interest groups (Kirchheimer 1966, 190). Given the scenario where capturing approximately half of the vote share is necessary for survival, there exist strong incentives to deemphasize class given cross-class cleavages are advantageous to the parties' success (e.g. de Leon, Desai, and Tuğal 2009); parties that occupy the center-left space within two-party systems are, in many cases, forced to concede to the classic “dilemma” of diluting class lines to capture majorities (Przeworski and Sprague 1986). This lack of emphasis on class undermines the primacy of class-based redistributive demands within political parties — or any strong adherence to redistributive ideologies by the party as a whole — and greatly reduces the likelihood of these demands being articulated into policy platforms or prescriptions.

Higher levels of intra-party factionalism also has repercussions for policy coherence and deadlock, significantly reducing the likelihood of redistributive policies being advanced or watering down those that are.⁵ In environments of high factionalism, the more economically or fiscally conservative factions always hold some degree of power to exert their influence on, or effectively thwart, redistributive policy proposals (Mulé 2001). While periods of coherent policy-making are possible in heterogeneous parties, the baseline is one of policy deadlock where substantive, much less transformative, social reforms are dead on arrival or at the very least undergo significant moderation by conservative factions and party leadership.

These dynamics of intra-party factionalism that hinder the advance of redistribution in two-party systems are commonplace throughout the empirical world. The two-party systems that ruled Colombia and Honduras entrenched dominant, but highly heterogeneous, parties

comprised of eclectic economic and social groups that impeded the emergence of organized labor and redistributive-centered political organization for much of the twentieth century (Roberts 2014, 73-77). Despite the Marxist and social democratic roots of the dominant Rawlings faction within Ghana's National Democratic Congress (NDC), intense intra-party factionalism within the NDC reduced the power of the pro-Rawlings faction (Bob-Milliar 2012), and Ghana has experienced a consistent rise in inequality since democratization. There are, of course, periods where left-leaning political parties in two-party systems can gain greater ideological coherence and mass organization, as was the case when Jamaica's People's National Party (PNP) won elections in the 1970s by moving away from the center and towards a decisively more social democratic orientation (Stephens and Stephens 1987). Rather, the basic argument put forth here is that factional tensions are *endemic* in two-party systems, and over the long-term persistently hinder redistributive social reform and the amelioration of inequality.

Both the structure of two-party systems, as well as the internal dynamics within their major parties, also make them especially prone to capture by economic elites, who often exert substantial pressures to resist redistribution. On the most basic level, two-party systems only possess two entry points; elites with designs to stunt the redistribution of wealth or income are only required to capture two political parties rather than many. Second, given the highly heterogeneous and ideologically incoherent nature of major parties in two-party systems, the likelihood that elites' interests are largely congruent with those of the major parties is higher than the more class-based or ideologically narrow parties that a multi-party

system may harbor. Moreover, as the case of the United States especially shows, the highly competitive and often nationalized nature of two-party systems forces parties to rely on substantial fundraising and therefore increases their susceptibility to pledge allegiance to, or return favors towards, elites in exchange for financial resources to compete against their political rival (Ferguson 1995).

Individual parties' necessity for an influx of campaign donations is not the only internal dynamic that elites prey on in two-party systems — elites also leverage their inherent factional heterogeneity and routinized leadership structures. Highly heterogeneous political parties require the establishment of a strong leadership and bureaucratic structure to mediate factional conflict within the party (Kirchheimer 1966). Yet, parties with highly routinized bureaucratic and leadership structures are *most* likely to align with the interests of elites rather than their rank-and-file membership (Michels 1962), substantially reducing the influence that the economically underprivileged have within political parties to advance redistributive policies. Party leadership is an extremely common entry-point for elites to influence the policy-making process within and across political parties, as economic elites often trade funding and expertise in exchange for policy demands (e.g. Clement 1975). The ability for business interests and elites to sway the leaderships of the Democratic and Republican parties in the United States has been instrumental to advancing issues and policies that run counter to reducing inequalities (Winters and Page 2009; Skocpol and Hertel-Fernandez 2016); it should not be surprising, then, that the policies that either party pursues typically falls proximate to the preferences of the wealthy (Gilens and Page 2013).

Multi-Party Systems, Institutionalization, and Mixed Paths of Redistribution

Multi-party systems are those where more than two political parties regularly compete for power. Despite the simplicity of this definition, there is significant variation in the number of parties in any multi-party system. In some cases — such as Canada, Ireland, or Sweden — three major parties could potentially win any given election, or at the very least a third party regularly plays a vital role as a coalition partner or has bargaining power in minority governments. In others, there may be dozens of parties that effectively compete in elections or engage with complex coalitions such as Brazil, Chile, India, or the Philippines.

Multi-party systems possess the greatest potential for favorable redistributive outcomes for two main reasons: (1) they provide a space for left-wing programmatic and working class parties to effectively compete and affect policy-making, and (2) potentially foster the development of multiple parties with strong organization and party-voter linkages that provide pluralized linkages with a broader segment of society, enhancing the aggregation of redistributive demands from disparate groups. However, I also argue that the redistributive prospects of any given multi-party system are conditional on its relative institutionalization, as inchoate party systems are unlikely to possess the necessary organization and linkages necessary, as well as favor targeted distributive politics towards select constituents, that undermine redistribution. In turn, inchoate multi-party systems are unlikely to provide much more redistributive import than hegemonic or two-party systems, while institutionalized multi-party systems are likely to be associated with lower levels of inequality and greater income redistribution.

Multi-party systems provide a less hostile environment for programmatic working class parties, allowing for a baseline of pressure for redistribution from below. Power resources theory posits that the relative organization of the political left — primarily, although not exclusively, vis-à-vis the formation of social democratic or programmatic left-wing parties — is paramount for the advance of redistributive social policy and alleviation of inequality (e.g. Stephens 1979; Huber and Stephens 2001; Huber and Stephens 2012). Even in opposition political parties strongly aligned with the interests of the poor or working class can be an important source of redistributive social policy (Niedzwiecki and Pribble 2017). However, particularly in the contemporary era, programmatic working class parties are exceptionally rare outside of multi-party systems. Labor parties have always faced the dilemma of anchoring themselves to the working class or diluting class lines to capture winning majorities (Przeworski and Sprague 1986); multi-party systems provide the latitude, or even the option, for working class parties to remain programmatic to working class interests. At the very least, multi-party systems make it possible for parties strongly aligned with the working class to remain centered in redistributivist ideologies and construct center-left coalitions with other parties (Iversen and Soskice 2006) — hegemonic and two-party systems require individual parties to incorporate those outside the working class into the party structure, diluting potential redistributivist goals.

While left-wing and social democratic parties are particularly strong and effective vessels for reducing inequalities, their existence or relative strength does not wholly determine whether multi-party systems embark on a path of redistribution or not. The ‘Left’ is often

divided, where fragmentation between different types of labor and political organizations may undermine the scope or efficacy of social reforms designed to lower inequality (Watson 2015). In some environments left-wing parties have engaged in targeted social spending in pursuit of electoral benefits, leading to increases, rather than reductions, in inequities among economic and social groups (Karakoç 2018). There also exist many polities where redistribution or reductions of inequality have taken place orthogonally to a traditional left-right or organized labor cleavage, and may be primarily driven by the saliency of other factors such as tribe, ethnicity, or personalism.

On a more fundamental level, redistributive demands are not always concentrated among the poor and working class, and I argue that multi-party systems are more likely to foster an aggregate of parties capable of effectively aggregating interests from disparate groups than hegemonic or two-party counterparts. In many empirical settings the distribution of redistributive demands are atomized across society — public opinion research has consistently found that individuals most supportive of greater redistribution are often dispersed across a wide variety of economic, political, and social groups (e.g. Blofield and Luna 2011; Finseraas 2009; Morgan and Kelly 2017). We therefore cannot assume that those most supportive of greater redistribution are highly concentrated in populations traditionally tied to working class or left-wing parties. In turn, the strength of party systems as a whole, and their ability to aggregate and articulate redistributive demands from disparate groups across the entirety of society, is also integral to redistribution.

Given more relaxed constraints on maximizing vote share, major parties in multi-party

systems are more likely to build stronger linkages to their key constituencies and exhibit more ideological coherence, paving the way for a greater potential in the advance of redistributive social reforms. In contrast to hegemonic or two-party systems, it is not necessary for parties to capture roughly half or more of the electorate to remain electorally competitive — parties can remain politically or legislatively impactful even when capturing significantly less than half of the electorate. Given these lower pressures to represent highly heterogeneous coalitions, individual parties in multi-party system have greater latitude to emphasize and divert resources towards building deeper organizational linkages with their key constituency, increasing the likelihood that demands from society can be aggregated into policy in the formal political system (e.g. Huntington 1968; Kuhonta 2011). While all parties certainly prioritize certain issues over others, we can expect that parties in multi-party systems to both be more coherently aligned with their constituencies on policy issues, as well as possess the organizational capacity to tap into and articulate the demands of their supporters, than those in hegemonic and two-party systems. Furthermore, this combination of stronger roots in society and ideological alignment with their key constituencies also make individual parties within multi-party systems more difficult for elites or special interests to capture (Rasmussen and Knutsen 2021), and certain parties may have interests incongruent or diametrically opposed to those of elites.

Perhaps counterintuitively, while at the individual party level linkages are narrower between parties and voters in multi-party systems, in the aggregate — that is, across the entire collection of parties — representative linkages are both deeper and more pluralistic in

multi-party systems, providing a stronger basis for more redistributive policy-making that represents a broader subset of interests and social groups. While all party systems provide some degree of pluralistic linkages across multiple economic and social groups, in the aggregate hegemonic and two-party systems are likely to exhibit weaker voter-party linkages than those in multi-party systems — parties in the former simply lack the resources required to develop strong linkages across the vast array of groups they commonly represent. That is, representation in hegemonic or two-party systems does cut across a diverse set of groups but the linkages with many of these groups remain shallow, given that the party leadership is more removed from, and significantly less beholden to, many of the groups they represent at the ballot box. In contrast, given individual parties in multi-party systems are more intertwined and aligned with the interests of their key constituencies, as long as a set of parties have stakes in the legislative bargaining process, demands from a more pluralistic set of groups are more likely to be incorporated into the design of social reforms. In other words, the aggregate of all individual party's deeper roots in society in multi-party systems increases the likelihood that social policy-making represents a more representative cross-section of society, promoting more redistributive social policy outputs comprised of disparate demands from across society.

Despite multi-party systems providing a greater *potential* for the advance of redistributive social policy and the alleviation of inequality, I argue that these dynamics are conditional on their relative level of institutionalization. Multi-party systems do not guarantee strong organization or voter-party linkages among its major parties. Indeed, party systems — regardless

of the number of parties within them — exhibit substantial variation in party institutionalization and roots in society (Mainwaring and Scully 1995; Mainwaring 2018). Without the prerequisite organizational capacity and roots in society to effectively channel and aggregate redistributive demands from disparate social groups, broad-based redistribution is unlikely (Kuhonta 2011). While multi-party systems do offer greater latitude for individual parties to emphasize building strong linkages with their core constituencies, environments where underdeveloped parties reign supreme and exhibit weak organization and roots in society are unlikely to realize the potential redistributive benefits of pluralized linkages or even operate in a *counterproductive* direction to the alleviation of inequality. Due to a predominance of weak organizational capacity and less defined party labels, inchoate party systems are unlikely to forge the necessary roots in society to effectively aggregate redistributive demands from an array of disparate groups, instead relying on the particularistic advance of certain groups' interests over others (Mauro 2022). Indeed, the absence of the capacity among weak parties to build strong linkages and partisan attachments on their own often compels them to utilize public resources to build electoral coalitions (Karakoç 2018), draining the redistributive potential of the state.

Party system institutionalization also conditions the stability of interparty competition, affecting the scope and type of social policies advanced. Although multi-party systems possess multiple veto players that may hinder the legislative process (e.g. Tsebelis 1995), the longevity and consistency in the broader set of parties enhances certainty in the policy-making process, augmenting coalition-building and the time horizons of decision-making

among politicians (O'Donnell 1994; Mainwaring and Zoco 2007; Flores-Macías 2010; Flores-Macías 2012; Bizzarro et al. 2018). If parties perceive their role in politics as secure over the long-term, the likelihood that they will implement substantive reforms that may only provide them political benefits well into the future is significantly higher. Given the highly structural nature of economic inequality, social policy initiatives and programs broad in scope and designed to initiate continuous and long-term implications are much likelier to ameliorate inequality. In contrast, inchoate party systems are more likely to be associated with narrower and largely distributive policy-making (Karakoç 2017). In environments of high electoral volatility, political parties are incentivized to pursue targeted social spending to shore up electoral support, which are unlikely to substantially curb inequalities and may even exacerbate differences between groups (Karakoç 2018, 43-49). In turn, we should expect volatile electoral environments comprised of weak parties to not benefit from the redistributive potential of multi-party systems, and rather be associated with the persistence of inequality and low levels of redistribution.

Testing the Broader Relationships

While the primary goals of this article are conceptual and theoretical, it is also important to empirically ground theory-building. I therefore apply straight-forward statistical tests to gauge the broader relationships between party systems, inequality, and redistribution while accounting for a set of economic, political, and socioeconomic factors commonly theorized to affect inequality. Importantly, a comprehensive testing of all the theoretical claims here,

as well as competing theories,⁶ is outside the scope of this article. Rather, the purpose of this section is to simply provide a baseline representation of the relationships between the structure of party systems, party system institutionalization, inequality, and redistribution.

Levels of income inequality and redistribution are related, but distinct phenomena — while we should expect relative levels of inequality to correlate with the degree to which governments redistribute income, there is variation between the two phenomena. To measure both levels of inequality and income redistribution I rely on data from the Standardized World Income Inequality Database (SWIID). The SWIID is particularly appealing here given its structure in separating out pre-tax, pre-transfer income Gini and post-tax, post-transfer income Gini (Solt 2016). When referring to models of ‘inequality,’ I am describing those where the dependent variable is post-tax, post-transfer income Gini. Following recent literature (e.g. Huber and Stephens 2014), I refer to ‘redistribution’ as the proportional reduction in inequality affected by taxes and transfers $[\frac{(\text{pre inequality} - \text{post inequality})}{\text{pre inequality}} * 100]$.

The first task is to investigate how the structure of the party system relates to inequality and redistribution. One common approach to the measurement of party system structure is through the ‘effective number of parties.’ While the effective number of parties is helpful in many applications, the conceptualization developed here emphasizes both non-linear relationships within categories and conditional relationships across certain subtypes, rendering a more flexible approach employing a set of distinct dummy variables necessary. I construct four dummy variables — no system, hegemonic, two-party, and multi-party —

using straight-forward coding rules to capture the structure of party systems.

I code party systems as ‘no system’ if *elections do not occur or only one party (or less) is legally permitted to compete in elections.*⁷ To measure hegemonic party systems, I draw on established literature stressing the importance of majority rule as a clear line of demarcation between hegemonic party systems and other types (e.g. Reuter and Gandhi 2011, 87-88). Given that I am also tasked with differentiating hegemonic from two-party systems, a simple majority rule threshold is not sufficient. Therefore, I code party systems as hegemonic if, and only if, *one party receives 50 percent or higher of the (lower) legislative vote share as well as at least a 20 percent of vote share difference from any other party.*⁸ The latter requirement is necessary considering that two-party systems regularly exhibit periods where one party receives majorities but the other party garners a significant share of the remainder.

I conceptualize the difference between multi-party systems, and any other type of party system, as the presence of a third party (or more) that exhibit(s) influence on the policy-making process. I operationalize this by coding party systems as multi-party if, and only if, *three or more parties receive at least 10 percent of the (lower) legislative vote share except in cases that qualify as hegemonic.* As long as there is no hegemon, a third party that receives at least 10 percent of the legislative vote share virtually guarantees some power to directly affect policy, or indirectly as a coalition partner. Finally, two-party systems are coded as such if *only two parties receive over 10 percent of (lower) legislative vote share and neither of those parties garner over 50 percent of the total vote share and 20 percent vote share difference between the other party.*

Given that party systems exist in a great variety of regime and electoral environments, as well as the relative simplicity of the coding procedure, I draw on the most extensive sample possible. However, the major limiting factor is not party system structure but rather coverage in inequality and redistribution data. Comprehensive availability of household income data in some countries is sparse, particularly the further one goes back in time. There are relatively few countries with data coverage predating roughly the 1990s or the turn of the century — the Luxembourg Income Study, often considered the gold standard of household income inequality data and of which the SWIID is benchmarked to, was relatively limited in scope prior to the 1980s and especially 1990s. In turn, I limit the time period to 1990-2020 to not introduce imbalance or bias the sample, given that a limited number of countries would have significantly more observations than others.⁹ For similar reasons, I also exclude countries where coverage only accounts for one third of the time period (10 years or less) in the SWIID dataset during 1990-2020. This exclusion criteria generates a sample with 136 countries with 3,583 observations.

We should be mindful of the many economic factors that potentially shape differences in the distribution of income and redistribution. A substantial literature has theorized on the relationships between economic growth, development, and inequality (e.g. Kuznets 1955; Alesina and Rodrik 1994; Putterman and Weil 2010). In turn, to account for differing levels of economic development and growth between countries, I include the log of GDP per capita and GDP per capita annual growth — both drawn from the World Bank’s 2020 *World Development Indicators*. Since inflation has been shown to contribute to exerting

downward pressure on wages and potentially augmenting income inequality (e.g. Albanesi 2007), I also draw on World Bank data to control for inflation (annual percentage, consumer price index). Similarly, unemployment may also exert downward pressure on wages and augment inequality (e.g. Gasparini and Lustig 2011). Therefore, the models also include a variable that accounts for relative levels of unemployment (unemployment as a percentage of total labor force) from the International Labour Organization (ILO)'s *ILOSTAT* 2020. The terms of trade can also influence inequality, especially considering the time period analyzed here covers a commodities-driven economic boom that can substantially affect wages and introduce economic shocks across economic systems (e.g. Lustig, Lopez-Calva, and Ortiz-Juarez 2013). Therefore, I also include exports (as a percentage of total GDP) taken from the World Bank in the analyses.

Presidential systems, as opposed to parliamentary counterparts, have been theorized to both weaken party systems, and potentially the propensity for representative policy-making (e.g. Samuels and Shugart 2010). In turn, I control for presidential systems by including a dummy variable for countries where heads of states are elected in separate general elections.

Socioeconomic factors have also been linked to inequality and redistribution. Higher levels of education are likely to blunt inequalities, especially in their role for reducing premiums to labor (e.g. Lustig, Lopez-Calva, and Ortiz-Juarez 2013). I control for relative levels of education (primary completion rate, % of relevant age group) in the models, taken from the World Bank. Finally, recent literature has shown a convergence of human capital and healthcare, and its effect on economic outcomes, inequality, and welfare (e.g. Becker,

Philipson, and Soares 2005; Acemoglu and Johnson 2007; Soares 2009). Therefore, I proxy for healthcare infrastructure and relative levels of health by including life expectancy (life expectancy at birth, total number of years) in the models, drawn from the World Bank.

Finally, analyzing levels of inequality across much of the contemporary world naturally introduces heterogeneity into the analysis. While the sources of this heterogeneity are varied, one geopolitical factor in particular that stands out as a major determinant of contemporary levels of inequality is prior exposure to communist rule. Due to communism's inherent nationalization of economies, collectivization, and large-scale redistribution of income, countries with prior communist rule are likely to possess significantly lower levels of inequality, and redistribute more income, today than countries without a history of communism. Therefore, to account for former communist rule I include a dummy variable that codes any country with 10 years or longer of consecutive rule by a communist party or leader that engaged in large-scale nationalization of the economy based on communist, Marxist, or socialist principles.

All models featured here are ordinary least squared (OLS) models with year fixed effects to account for heterogeneity within or across time. I do not include unit (country) fixed effects. Many of the independent variables of interest exhibit invariability over time,¹⁰ and including unit fixed effects would render the coefficients uninterpretable (Wooldridge 2002). Even in cases where there is variability, it is incredibly slow-moving and thus has the potential to bias estimates and undermine cross-sectional variation (Beck 2001; Huber and Stephens 2012).

Table 1: Party Systems, Inequality, and Redistribution, Global Dataset 1990-2020

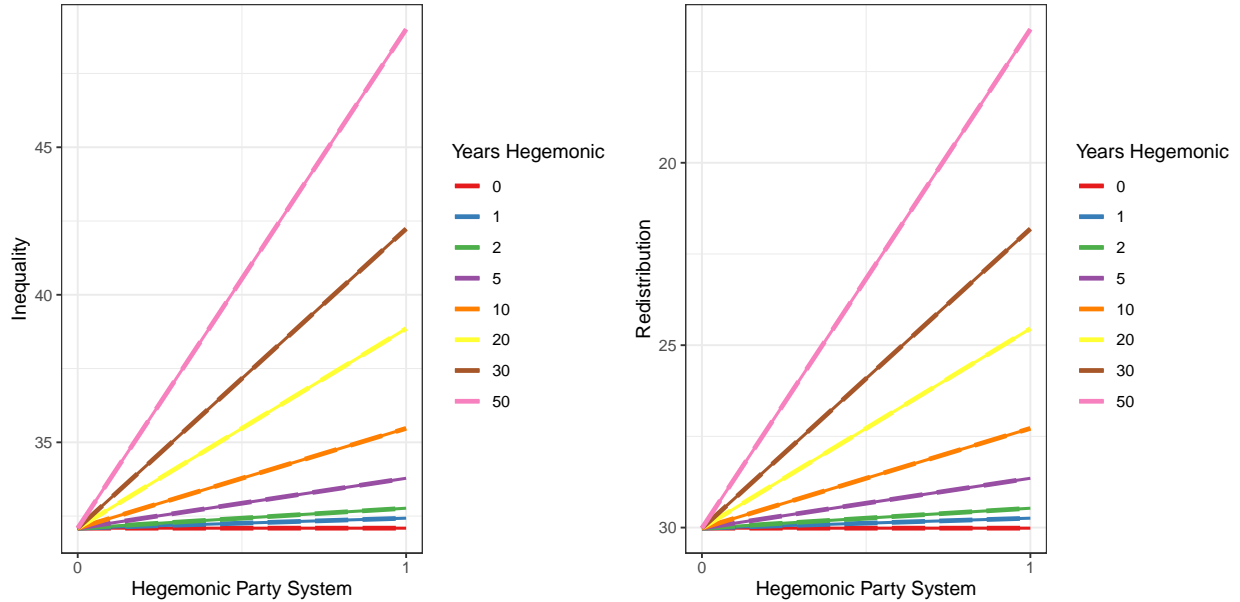
	Inequality			Redistribution				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
No System	3.289*** (0.525)				-9.908*** (0.965)			
Hegemonic		0.932*** (0.305)				-1.037 (0.568)		
Two-Party			0.473 (0.264)				-0.958 (0.491)	
Multi-Party				-1.657*** (0.232)				3.354*** (0.431)
Presidential	3.244*** (0.243)	2.706*** (0.237)	2.841*** (0.235)	2.921*** (0.233)	-3.616*** (0.446)	-2.202*** (0.441)	-2.376*** (0.437)	-2.539*** (0.432)
GDP per capita (log)	-2.306*** (0.134)	-2.349*** (0.135)	-2.328*** (0.136)	-2.222*** (0.135)	8.594*** (0.246)	8.734*** (0.251)	8.686*** (0.252)	8.471*** (0.250)
Economic Growth	0.171*** (0.030)	0.187*** (0.030)	0.193*** (0.030)	0.186*** (0.030)	-0.198*** (0.055)	-0.251*** (0.056)	-0.260*** (0.056)	-0.247*** (0.055)
Inflation	-0.00002 (0.001)	0.0002 (0.001)	0.0002 (0.001)	0.0002 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Exports	-0.008* (0.005)	-0.008* (0.005)	-0.007 (0.005)	-0.007 (0.005)	0.005 (0.009)	0.003 (0.009)	0.003 (0.009)	0.002 (0.009)
Unemployment	0.368*** (0.019)	0.362*** (0.019)	0.365*** (0.019)	0.356*** (0.019)	0.034 (0.035)	0.043 (0.036)	0.041 (0.036)	0.060* (0.036)
Education	0.102*** (0.008)	0.108*** (0.008)	0.106*** (0.008)	0.109*** (0.008)	-0.059*** (0.015)	-0.072*** (0.015)	-0.070*** (0.015)	-0.076*** (0.015)
Life Expectancy	-0.266*** (0.021)	-0.266*** (0.022)	-0.287*** (0.021)	-0.265*** (0.021)	-0.064 (0.039)	-0.034 (0.040)	-0.005 (0.040)	-0.050 (0.039)
Former Communist Rule	-8.973*** (0.262)	-8.700*** (0.260)	-8.646*** (0.263)	-8.574*** (0.259)	11.863*** (0.482)	11.069*** (0.485)	10.946*** (0.490)	10.801*** (0.481)
Observations	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
R ²	0.623	0.618	0.618	0.624	0.650	0.637	0.637	0.644
Adjusted R ²	0.617	0.613	0.612	0.619	0.645	0.632	0.632	0.639

Notes: Dependent variables are net Gini and proportional redistribution. Standard errors in parentheses. Year dummies not shown in table.
* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$.

As the results show, countries with either no party system or hegemonic party systems all exhibit strong and positive relationships with inequality — that is, hegemonic party systems, or those that do not possess a party system at all, are associated with higher levels of inequality. As the theory advanced here expects, there appears to be a negligible relationship among two-party systems, inequality, and redistribution. In other words, two-party systems redistribute income in a very limited fashion, and exhibit higher levels of inequality than, for example, those of multi-party systems. In contrast, those with multi-party systems show the opposite effect: countries with multi-party systems are more likely to possess lower levels of inequality. The results are largely consistent when modeling for redistribution instead of inequality, except the reverse — a negative relationship indicates *lower* levels of income redistribution.

Despite some evidence that hegemonic party systems are more likely to possess higher levels of inequality, the theory advanced here put forth the hypothesis that this relationship operates through a function of time. That is, we should expect hegemonic party systems that have been in power for longer periods of time to exhibit higher levels of inequality than more nascent counterparts. Figure 2 plots the predicted values of hegemonic party systems on inequality and redistribution, which are identical to Models 2 and 6 with the exception of also interacting the hegemonic party system dummy with a variable that tallies the consecutive number of years under hegemonic rule. Higher values on the y-axis on the inequality figure (left-side) signify higher levels of inequality, while in the redistribution figure (right-side) the y-axis is inverted. That is, the higher you move upwards on the y-axis

Figure 2: Hegemonic Party Systems, Inequality, and Redistribution



signifies *less* redistribution of income. Each separate line indicates a different time horizon of consecutive hegemonic party system rule. As the figures show, the longer that any given hegemonic party system remains in power the higher likelihood that they will possess higher levels of inequality and redistribute less income.

The theory also stressed party system institutionalization as another key dimension, especially in its role in conditioning the effects of multi-party systems on inequality and redistribution. Many have approached the measurement of this relatively thick concept through a unitary measure of legislative electoral volatility (e.g. Roberts and Wibbels 1999; Hicken and Kuhonta 2011). However, it is possible that certain dimensions of party system institutionalization may not move together in the same direction (Luna 2014a).¹¹ To effectively capture a larger portion of this concept, I utilize two separate variables to measure party system institutionalization: party institutionalization and legislative electoral volatility.

Table 2: Party System Institutionalization, Inequality, and Redistribution, Democratic Dataset 1990-2020

	Inequality			Redistribution				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Multi-Party				-3.971 (2.514)				8.767 (4.966)
Party Institutionalization	-7.157*** (0.997)		-17.999*** (1.727)	-19.515*** (2.617)	4.637** (1.887)		12.712*** (3.423)	20.401*** (5.170)
Electoral Volatility		-3.530*** (1.021)	-27.759*** (3.567)	-31.713*** (6.711)		-0.117 (1.948)	18.628*** (7.070)	57.520*** (13.257)
Multi*Party				3.622 (2.946)				-8.828 (5.819)
Multi*Volatility				7.887 (7.962)				-50.874*** (15.730)
Party*Volatility			29.498*** (4.566)	29.365*** (8.710)			-22.994** (9.048)	-70.046*** (17.208)
Multi*Party*Volatility				-2.124 (10.123)				59.692*** (19.999)
Presidential	3.979*** (0.342)	4.095*** (0.347)	3.560*** (0.340)	3.477*** (0.340)	-11.174*** (0.647)	-11.006*** (0.662)	-10.618*** (0.673)	-10.642*** (0.672)
GDP per capita (log)	-2.283*** (0.223)	-3.229*** (0.195)	-1.907*** (0.227)	-2.002*** (0.236)	7.678*** (0.422)	8.302*** (0.372)	7.427*** (0.450)	7.167*** (0.466)
Economic growth	0.152*** (0.042)	0.156*** (0.045)	0.147*** (0.044)	0.143*** (0.044)	-0.194** (0.079)	-0.251*** (0.087)	-0.242*** (0.087)	-0.251*** (0.086)
Inflation	-0.001 (0.001)	0.004 (0.004)	0.006 (0.004)	0.007 (0.004)	-0.008*** (0.002)	-0.005 (0.007)	-0.006 (0.007)	-0.005 (0.007)
Exports	0.004 (0.007)	0.0001 (0.008)	-0.013 (0.008)	-0.014 (0.008)	0.0002 (0.014)	-0.003 (0.015)	0.007 (0.015)	0.010 (0.016)
Unemployment	0.249*** (0.024)	0.210*** (0.024)	0.235*** (0.024)	0.225*** (0.024)	0.192*** (0.045)	0.222*** (0.046)	0.210*** (0.047)	0.216*** (0.047)
Education	0.075*** (0.017)	0.104*** (0.017)	0.088*** (0.017)	0.083*** (0.017)	0.196*** (0.032)	0.183*** (0.033)	0.193*** (0.033)	0.191*** (0.033)
Life Expectancy	-0.546*** (0.035)	-0.538*** (0.037)	-0.591*** (0.036)	-0.592*** (0.036)	0.407*** (0.067)	0.404*** (0.070)	0.444*** (0.071)	0.449*** (0.071)
Former Communist Rule	-10.641*** (0.334)	-10.202*** (0.374)	-9.705*** (0.372)	-9.928*** (0.386)	14.012*** (0.632)	14.167*** (0.714)	13.763*** (0.737)	13.587*** (0.762)
Observations	1,339	1,277	1,261	1,261	1,339	1,277	1,261	1,261
Fixed Year Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R ²	0.794	0.793	0.812	0.814	0.783	0.779	0.782	0.785
Adjusted R ²	0.788	0.787	0.806	0.807	0.777	0.772	0.775	0.778

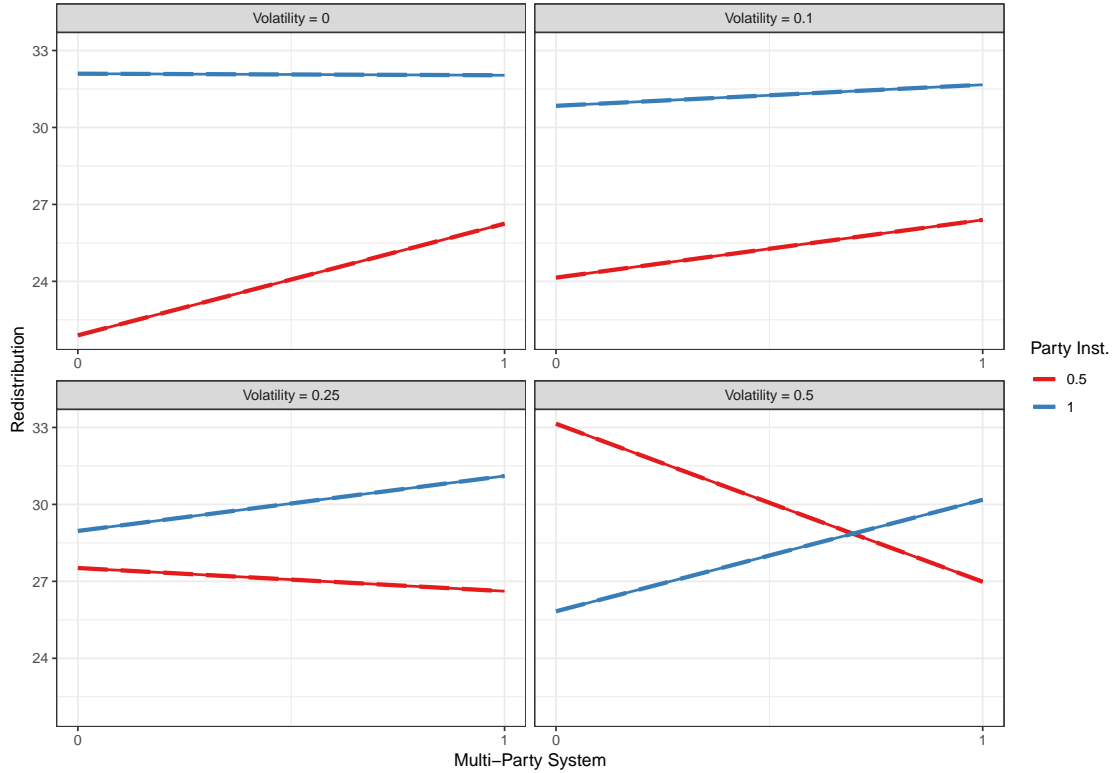
Notes: Dependent variables are net Gini and proportional redistribution. Standard errors in parentheses. Year dummies not shown in table.
 * $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$.

To measure party institutionalization, I draw on the party institutionalization index from the *Varieties of Democracy Project*.¹² With regards to the relative stability of party systems, I rely on legislative electoral volatility data — the most extensive dataset of its kind currently available — from Mainwaring, Gervasoni, and Najera-España (2017), extended to include all elections up to and including 2015.

While party system structure travels well across many different empirical contexts, party system institutionalization naturally imposes some costs on which cases can be effectively compared with one another. In particular, it is simply unfeasible to draw valid inferences from comparing electoral volatility across a broad range of electoral and political systems — we cannot conclude, for example, that an authoritarian regime’s increased control over elections necessarily represents a more stable party system than that of a more openly democratic counterpart, thus potentially introducing bias into the results (Mainwaring, Gervasoni, and España-Nájera 2017, 625). In turn, I only include observations where the country possesses a Polity score of 6 or higher.¹³

Table 2 shows the results when regressing inequality and redistribution on the party system institutionalization variables. In general, those with more institutionalized political parties possess both lower levels of inequality and redistribute more income than those with weaker counterparts, and the relative stability of party systems often magnifies these effects. Considering that three-way interactions can be difficult to interpret in this format, Figure 3 also plots the interaction among the multi-party system dummy variable, party institutionalization, and electoral volatility on redistribution. The y-axis is redistribution,

Figure 3: Multi-Party Systems and Redistribution



where moving upwards on the y-axis represents *greater* redistribution. The x-axis is compares multi-party systems (signified by a 1) and any other type of party system (represented by a 0). At the lowest levels of electoral volatility (top two plots), the movement from any other type of party system towards a multi-party system results in a marked increase in redistribution (i.e. both lines either slope upwards or have no slope). However, the relationship is highly conditional on the relative institutionalization of political parties; multi-party systems with highly institutionalized parties (blue line) exhibit higher relative levels of redistribution than those with less institutionalized counterparts (red line). The dynamics change at higher levels of electoral volatility (bottom two plots), however. In more volatile multi-party systems, the difference between party systems with strongly or weakly institutionalized parties is largely

negligible (that is, the red and blue lines move closer together and eventually converge). Furthermore, any difference between volatile multi-party systems and hegemonic or two-party systems, in regards to redistribution, becomes largely trivial.

Conclusion and Further Extensions

In this article I have advanced the claim that party systems, and their characteristics, are fundamental to understanding the politics of inequality and redistribution. This article developed a conceptualization that emphasizes both the structure and institutionalization of party systems as instrumental for shaping redistributive outcomes; the structure of party systems influences intra- and interparty competition around social reform, and party system institutionalization may condition these effects. It also provided some cursory empirical evidence that these two distinct party system characteristics are associated with broader patterns of inequality and redistribution across a large array of empirical contexts.

Given that the scope of the article was largely focused on theorization and conceptualization, there remain at least three important open-ended empirical questions or potential extensions that cannot be resolved here. First, neither the theoretical approach, nor the preliminary statistical tests employed here, can effectively rule out endogeneity or reverse causation — it is certainly possible that levels of inequality, among other determinants, may in part shape party system dynamics. Careful qualitative and historical approaches, and attention to sequencing across multiple within-case periods, could improve our understanding or at least rule out potential sources of endogeneity. Second, future research should

apply more rigorous quantitative testing of the hypotheses generated here, as well as the incorporation of other measures of inequality or redistribution (e.g. income shares and other measures of income dispersion, or differences in wealth). In many respects, this is already underway. Rasmussen and Knutsen (2021), for example, investigate how the institutionalization of parties affect the welfare state, while Karakoç (2018) investigates how voter turnout and electoral volatility affect patterns of social spending.

Finally, and perhaps most importantly, there remains substantial work left to theoretically and empirically integrate or test the theory advanced here with other competing theories of democratic redistribution. I take some initial empirical steps towards these goals in the appendix, by extending the main specifications to also include variables that account for social conflict (e.g. Meltzer and Richards 1981) and power resource theories (e.g. Stephens 1979; Huber and Stephens 2012). I find that more unequal, but strongly democratic, countries do tend to redistribute more income than weaker but more egalitarian democracies. There is also strong support that democracies with at least one programmatic left or center-left party both exhibit lower levels of inequality and redistribute more than those without. However, the theoretical expectations advanced here remain largely consistent in these extended models, suggesting that the structure and institutionalization of party systems remain fundamental to shaping inequality and redistribution even when accounting for these dynamics.

Despite these initial steps, more attention is necessary to improve our understanding for how theories that emphasize electoral systems, such as those advanced by Iversen and Soskice, and the theory advanced here are related to one another. In some respects the

theory advanced here converges with certain expectations by Iversen and Soskice (2006), in that multi-party systems are likely to produce more favorable outcomes of inequality and redistribution than more majoritarian counterparts. However, there are important differences; I do not treat party systems as functions of electoral systems here, and especially place substantially more emphasis on not just the structure of party systems but also their relative institutionalization as well. Importantly, the investigation of this potential future line of research would require a sophisticated and thoughtful research design — given the interconnected nature between electoral and party systems — that is not feasible in the confines of this article.

Notes

¹For an excellent review of this literature see: Häusermann, Picot, and Geering 2013.

²Outside of an important literature stressing electoral systems that will be discussed later, I am aware of only two major exceptions to this rule: Karakoç 2018 and Mauro 2022.

³Luna (2014b) finds that inequality may promote segmented representation, yet does not necessarily weaken or strengthen the institutionalization of party systems as a whole.

⁴This definition should not be mistaken for one that can simply be reduced down to the ‘relative or total number of parties,’ despite being later operationalized with a heavy emphasis on counting the number of ‘major’ parties. I am most concerned here with differentiating party systems by broader dynamics of competition between its major parties, rather than understanding differences in, for example, fragmentation.

⁵It is true that *all* political parties and party systems possess factionalism. However, I make the assumption that major parties in two-party systems exhibit higher levels than parties in multi-party systems given the heterogeneous nature of their parties in the former.

⁶While scope and space constraints severely limit the possibility to test a number of competing theories in this section, I do provide some preliminary extensions to account for power resources and social conflict theory in the supplemental appendix. The results presented here, and those in these extensions, are largely congruent with one another.

⁷When only one party is legally permitted to compete in elections we often refer to this as ‘one-party’ rule, which we should be hesitant to conceptualize as a party *system* given the existence of only one party.

⁸There are some select election years and countries that do not tally vote shares in electoral records. In these cases, I rely on seats won as a percentage of all lower house legislative seats.

⁹Inequality data prior to 1990 is particularly concentrated among European and Anglophone countries. Including these observations would result in these countries having a disproportionate effect on the results.

¹⁰In particular, the party system dummy variables possess no variation across time in a large variety of cases. This should be intuitive considering that many countries have experienced the same type of party system (whether hegemonic, two-party, or multi-party) since 1990.

¹¹Mainwaring and Scully (1995) originally conceived party system institutionalization to be comprised of four interrelated dimensions in a familial structure: interparty competition, roots in society, party organization, and legitimacy of parties. Given electoral volatility does not account for all of these dynamics, and Luna (2014a) stresses that empirically these dimensions may not move together, I take a different measurement approach here.

¹²This measure, based on elite surveys, measures the degree of party organization, local party branches, distinct party platforms, legislative party cohesion, and party linkages, which is fairly representative of the organization and legitimacy aspects of the concept of party system institutionalization.

¹³The appendix provides a full list of all countries and elections included in the dataset.

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