

## **Presidential Term Limits and Party-System Stability in New Democracies**

Yuko Kasuya

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### **Abstract**

This paper examines the relationship between party-system instability and presidential term limits. I argue that among new democracies, a single-term limit on the presidency is more prone to destabilize the legislative-level party system than a multiple-term limit. Whether or not presidents are banned from immediate re-election affects the presence or absence of the incumbent in presidential elections, which is the driving force behind this conjecture. In single-termed presidential systems, the incumbent is always absent in the presidential race, while multi-termed systems retain a higher possibility of incumbent entry. The absence of the incumbent contributes to the fragmentation of the presidential race, which then leads to party-system instability at the presidential level. Furthermore, higher instability in presidential competition destabilizes the legislative-level party system. I test this claim using data from 36 newly democratized presidential countries with regression technique, and the results support my claim.

**Kew Words:** presidentialism, term limit, party-system stability, electoral volatility

## **1. Introduction**

The presidency is usually the most important office in the presidential form of government. Consequentially, rules concerning the president have important implications for the country's political processes. Indeed, political scientists have studied various rules concerning the presidency, such as electoral formula, election timing with the legislature, and various institutional powers given to the office (see e.g. Shugart & Carey 1992). Among the many possible rules for the presidency, this paper focuses on a neglected aspect in the presidentialism literature, that is, the term limit. What different consequences can be expected from governments in which presidents are only permitted to serve a single term, as compared to those in which they can serve multiple terms? While studies on term limits for legislators are well-developed (e.g. Carey, 1998; Carey et al., 2000; Sarbaugh-Thompson et al., 2004; Kousser, 2005) scholars have paid little attention to presidential term limits thus far.<sup>1</sup> As a consequence, we know very little about the differing consequences of different presidential term-limit designs. This paper is one of the first attempts to investigate empirically the impact of term limits on presidents.

This paper also addresses the literature on party-system stability, which is this paper's object of explanation. Unlike the near nonexistence of studies on presidential term limits, we have relatively well-developed knowledge about what contributes to party-system instability (e.g. Pedersen 1983; Bartolini & Mair 1990; Roberts & Wilks 1999; Brich 2003; Tavits 2005; Mainwaring & Zoco 2007). In this paper, however, I identify a new factor that has been overlooked in the existing literature: presidential term limits. More broadly, this paper demonstrates the importance of paying attention to the

interaction between presidential-level and legislative-level party-system instability when one wants to explain legislative-level volatility. Such a perspective has been missing in existing studies of party-system stability.

The paper argues that a single presidential term limit is more prone to make the party system unstable, both at the presidential and legislative levels, than when presidents can serve multiple terms. The mechanism behind this contention is as follows. First, whether or not presidents are banned for immediate re-election affects the presence or absence of incumbents in elections. In single-termed systems, the incumbent is always absent from the race, while multi-termed presidential systems retain a higher possibility of incumbent entry. The absence of an incumbent contributes to the fragmentation of the presidential race, which then leads to party-system instability at the presidential level. In turn, the higher instability in presidential competition tends to destabilize the legislative-level party system. I test this conjecture by employing OLS regression technique using data from 36 new presidential democracies. Controlling for other relevant factors, I find support for the above claim.

The paper is organized as follows. The second section lays out the background of the analyses followed by an elaboration of my hypotheses. The third section demonstrates how my hypotheses were tested empirically. The fourth section discusses the results of regression analyses. The last section concludes.

## **2. Arguments**

### **2.1 Background: Presidential Term Limits as a Neglected Aspect**

While the studies on legislative term limits have grown considerably in recent years,<sup>2</sup> the issue of presidential term limits has escaped scholarly attention. Among the few studies that exist, Streb (1999), for example, examines the theoretical implications of presidential term limits on budget spending, although he does not provide empirical examination of his theoretical insights. This lack of empirical support, nevertheless, may be understandable: until the so called “Third Wave” of democratization swept the world, only a few presidential regimes were democracies, and these countries’ presidential term limits remained constant in the post-World-War-II era. As such, there were few variations that would have allowed researchers to make causal inferences using empirical data. For instance, the United States, the quintessential presidential regime, shifted in 1951 from unlimited presidential terms to the two-term limit as stipulated in the Twenty-Second Amendment, and this provision remained as it was until today. Another long-standing (semi-)presidential democracy, France, has no specific constitutional provision for presidential term limits (The Constitution of France).

However, as a result of the recent wave of democratization, the number of democracies that adopt a presidential form of government has considerably increased, and with the increase there has been a corresponding variation in the number of terms presidents can serve. Table 1 lists the countries that have become democratic since the mid-1970s and adopted presidential or semi-presidential governments.<sup>3</sup> “Presidential government” here refers to a form of government where the president is directly elected by the nationwide population for a fixed period. Semi-presidentialism, which is treated as a part of the category of presidential regimes in this paper, means a government that has a

popularly elected president for a fixed term, who coexists with a prime minister, who in turn is elected by and dependent on the legislature (Lijphart 1999, Chapter 7).

[Table 1 about here]

Table 1 reveals that the majority of new presidential democracies set two-term limits for their presidents. Yet, single-term presidencies are not rare: as of 2006, among the 61 presidential or semi-presidential regimes, 16 countries imposed single-term limits on the presidency. In particular, single-termed presidencies are most prominently found among Latin American countries. In contrast, most African, Asian, and European countries have two-termed presidencies.

Why do some countries adopt single-term limits while others employ multiple terms? Although this question is not the focus of this paper, some reasons can be suggested. Streb's (1999) analysis finds that in the case of many Latin American countries, there was a desire to avoid the reappearance of authoritarianism. According to his study, the 1853 Argentine Constitution prohibited the president from immediate re-election due to the previous authoritarianism of Rosas; the 1917 Mexican Constitution also provided for a single presidential term after the dictatorship of Porfirio Díaz; in Paraguay, the experience of the Strossner dictatorship contributed to the adoption of a single presidential term in its 1992 Constitution (p.9). In the case of the Philippines, however, despite having experienced the Marcos dictatorship for 14 years, the single presidential term limit written into the 1987 Constitution was not instituted to avoid the possibility of another Marcos. The single-term

limit was instituted, rather, to make the president stay away from “politicking.” This means that, if the president were eligible for re-election, he would spend government resources for the purposes of his re-election bid (The Republic of the Philippines Constitutional Commission, 1986, p. 216).

Given that we now have a sufficiently large number of presidential democracies and some variation in the number of terms that presidents can serve, scholars are finally able to explore empirically the many consequences that term-limit variation may produce. This paper is one such attempt, focusing on term limits’ impact on party-system stability.

Party-system stability, my explanandum in this paper, has suffered from an oversight in the existing literature, one which this paper hopes to correct: the question of the presidential term limit. Party-system stability here means the degree of stability in inter-party competition across consecutive elections. Scholars have examined factors that influence this stability in regions such as Western Europe (Pedersen, 1983; Bartolini and Mair, 1990), Latin America (Roberts & Wilks, 1999), and Eastern Europe (Brich, 2003; Tavits, 2005; see Mainwaring & Zoco 2007 for cross-regional study). The factors found to be important in these studies can be grouped into three: economic, social, and institutional factors. More specifically, these include the rates of GDP growth and inflation, the salience of social cleavage, the electoral formula, and the number of parties. Yet, few of the existing studies, as far as I am aware, examines presidential term limits, as well as the interaction between presidential-level and legislative-level party-system stability. For example, Roberts and Wilks (1999), who studied Latin American countries, separately investigated party-system stability at the legislative and presidential levels.<sup>4</sup> In this regard, this paper

attempts to augment the literature on party-system stability by identifying a new factor.

## **2.2 Hypotheses**

The overall hypothesis that I advance in this paper is that among new democracies, a single presidential term limit is likely to make the legislative-level party system more unstable than when presidents are allowed to serve multiple terms, other things being equal. I make this argument from the premise that new democracies tend to have weak party-voter linkage. The degree of party-voter linkage here means the extent to which voters accord values to parties (but not to individual politicians) and vote on the basis of their evaluation of the parties. Linkage can be created through non-material inducements such as the party's policy positions, or through material benefits (patronage) channeled by the party organization (see Kitschelt 2000 for various types of linkages). When party-voter linkage is weak, voters do not vote on the basis of their evaluation of parties but vote instead by evaluating individual politicians' attributes. While there are some exceptions, such as Chile, new democracies tend to have weak party-voter linkage due to authoritarian experiences in which free party activities were by and large suppressed. As a result, voters in new democracies are inclined to accord less value to existing parties' endorsements, than among voters in established democracies. In response to such voter attitudes, politicians also do not value the party endorsement in calculating their chances of winning. Consequently, politicians in nascent democracies are relatively flexible in launching new parties and/or shifting their party affiliations than in developed democracies where party-voter ties are better established. With this premise in mind, Figure 1 illustrates step-by-step my argument

about the relationship between a single presidential term limit and legislative-level party-system stability.

[Figure 1 about here]

Comparing single-termed and multiple-termed presidential systems, the probability of having an incumbent (duly elected, that is) in any given election is zero in single-termed cases, while its probability is greater than zero in the case of multi-termed presidential systems. In reality, among the countries in Table 1 that allow presidents to run multiple times, looking at the period from the mid-1970s to mid-2000, in about 57% of cases incumbent presidents were present in the race.<sup>5</sup> While it does not mean that a multi-term rule necessarily guarantees the presence of an incumbent in every presidential race, my point is that the single-term limit *always* leads to the absence of an incumbent in elections, while the multi-term limit does not.

In this respect, whether a country adopts single or multiple presidential term limits affects, as a matter of logical implication, the probability of incumbent entry in presidential elections. The three hypotheses to be tested in this paper clarify several of the effects that emanate from the issue of incumbent entry.

### **Hypothesis 1: Incumbent Entry and the Number of Presidential Candidates**

Whether the incumbent is in the race or not affects the success or failure of entry coordination among potential aspirants by influencing their *expectation* of winning.



“Successful” entry coordination means that the number of entrants with serious chances of winning is the same as the number that is expected in theoretical equilibrium given the electoral rule (Cox 1997). The equilibrium number is two in the case of plurality rule, and three in the first round of the runoff electoral formula due to the M+1 rule (Cox 1997).<sup>6</sup> A “failure” of entry coordination means that there is a larger number of actual entrants than the theoretically expected number.

If the incumbent is running, a potential presidential aspirant expects that he has less chance of winning than when the incumbent is not in the race. This is because the incumbent president has considerable advantages over the other aspirants by having a history of winning and by holding government resources under his control. As a result, the number of actual entrants would be reduced. In other words, entry coordination is likely to succeed. When the incumbent is not in the race, potential aspirants would expect that they have higher chances of winning. Once the race becomes crowded, in other words, the situation of entry-coordination failure arises. In this regards, my first hypothesis is the following:

*H1: The absence of an incumbent president in a given election is likely to increase the number of relevant candidates, other things being equal.*

## **Hypothesis 2: The Number of Presidential Candidates and Party-System Stability**

The second step of my argument connects the number of relevant presidential candidates, on the one hand, with presidential-level party-system stability, on the other. I expect that the fragmentation of the presidential election is likely to make the presidential party system more unstable, other things being equal. This relationship can be viewed as a

matter of *continuous* success (or failure) of entry coordination among aspirants. As discussed, in the case of plurality electoral rule, if coordination is successful there are only two serious entrants. When coordination is successful from one election to the next, there is likely to be a stable set of parties competing, which is reflected in the stability of the party system over time. When there is a fragmented race, that is to say when entry coordination has failed, such continuity is not achieved. This situation leads to higher instability in the party system.

More concretely, consider the following example. On the one hand, suppose that there were Party A and Party B in Election<sub>t</sub>, where coordination was successful. In the next election, or Election<sub>t+1</sub>, let us also assume that coordination succeeded. Then two entrants in Election<sub>t+1</sub> would be more likely to use the same party labels because doing so is less costly, other things being equal. In other words, when entry coordination is successful continuously, there is stability of the party-system over time. On the other hand, suppose that coordination succeeded in Election<sub>t</sub> where Party A and B competed, but failed in Election<sub>t+1</sub>. In Election<sub>t+1</sub>, the number of entrants is larger than two, and those who did not occupy the labels of Party A and B would launch Party C, D, etc. This introduces instability into the set of parties between Election<sub>t</sub> and Election<sub>t+1</sub>, and is reflected in higher party-system instability from Election<sub>t</sub> to Election<sub>t+1</sub>. In the cases where the runoff formula is used, the basic logic is the same: when entry coordination does not succeed continuously, party-system instability follows. With this in mind, my second hypothesis is the following:

*H2: The more fragmented the presidential election is, the more unstable the presidential party-system becomes, other things being equal.*

### **Hypothesis 3: Presidential-Level and Legislative-Level Party-System Instability**

The third step of my argument concerns the connection between presidential-level and legislative-level party-system volatility. Here, I argue that the instability of inter-party competition at the presidential level is likely to cause instability at the legislative-level in the party system. Two types of mechanisms stand behind this relationship. The first is the so-called coattail effect, which refers to the effect in which evaluations of presidential candidates' attributes influence voting for congressional candidates (Calvert & Ferejohn, 1983, p.407). Through the coattail effect, a higher instability in elections at the presidential level translates into a higher volatility at the legislative level.

The second mechanism provides preferred affiliation choices among legislative candidates through the party of the incumbent president and/or that of a viable presidential candidate. This happens not only because of an expectation of a coattail effect among legislative candidates, but also because the incumbent is, or in the case of a viable presidential candidate he can in the future be, in a position to control the bulk of government resources with which legislative candidates can boost their chances of winning. Such resources include, for example, pork barrel projects for their constituency and the appointment of various government posts. Under the condition that party-voter linkage is weak (where voters do not value the endorsement of existing parties), changing party affiliation is relatively costless for legislative candidates than when party-voter ties are strong. Legislators who shift their party affiliation in response to changes in the balance of power at the presidential level increase the instability of the party system.<sup>7</sup>

Through these mechanisms, I expect that the nature of competition at the

presidential level influences legislative-level competition. In light of this influence, I propose the following hypothesis:

*H3: The more unstable the party system is at the presidential level, the more unstable the party system will be at the legislative level, other things being equal.*

### **3. Regression Models and Data Preparation**

The above three hypotheses are tested by employing regression analyses. My dataset includes 36 presidential and semi-presidential countries that were democratized since the mid-1970s, as listed in Table 1. The period covered in my analyses extends from the mid-1970s to 2000. Appendix 1 provides the details of elections included in my analyses and their data sources.

#### **Testing Hypothesis 1**

The dependent variable is the number of relevant presidential candidates. This is calculated by using the Laakso and Taagepera index of the effective number of candidates/parties (Laakso and Taagepera 1979) and called *ENCpres*. This index measures how many “serious” candidates or parties are in the competition. It is calculated by adding the squared vote-shares of each party and then inverting it.<sup>8</sup> The independent variable of interest is the presence or absence of the incumbent president in the election in question. This is named *Incumbent*, and is a dummy variable coded one if the incumbent is in the race, and zero if not. I expect the coefficients of *Incumbent* to be negative.

Since the goal of this test is to see whether the presence of the incumbent has an influence on the number of candidates, *other things being equal*, I include the following

control variables that have been identified in the existing literature as the causes that influence the effective number of presidential candidates.

Several studies have shown that the rules for electing presidents affect the number of entrants (e.g. Shugart & Carey, 1992; Jones, 1999; 2004; Golder, 2006). Specifically, whether a country uses the majority runoff or the plurality rule influences candidate entry. According to the runoff formula, the first round of elections can have two winners. Hence, theoretically, the top three candidates have serious chances of winning. In the case of plurality, as mentioned, the theoretical equilibrium among the number of entrants is two. Therefore the runoff rule has more of a tendency to increase the number of entrants than the plurality formula. For this reason I include *Runoff* as a control variable, which is a dummy variable coded one when a given country adopts a runoff election, and zero otherwise.

Golder (2006) argues that the degree of social heterogeneity also influences the number of candidates, only when the runoff rule is used, not under the plurality formula. When a country has a heterogeneous population in terms of ethnicity, language, religion, and/or historically created cleavages, there is likely to be a larger number of entrants than when the society is homogenous. In pluralistic societies, groups would want to field candidates that represent their specific interests. However, such incentives would come into effect when the electoral rule is “permissive”, that is, when the majority runoff rule is used. To control for this effect, I include the interactive term *Runoff\*Ethnic* and *Ethnic* in the model. *Ethnic* is a variable that measures the degree of ethnic fragmentation that can serve as a proxy for a given country’s degree of social homogeneity. The data is from the ethnicity fragmentation index data set compiled by Alesina et al. (2003). This data set

covers about 200 countries, and the scale varies from zero to one; the higher the score is, the higher the ethnic fragmentation.

Jones (2004) shows that the first presidential election after a democratic transition is likely to have a larger number of candidates. Since there is no relevant history of free election, at the initial democratic election voters and elites alike would have a harder time estimating who are the frontrunners, and elites would coordinate entry by making alliances and mergers too early. Thus it is expected that the initial democratic elections have a higher number of candidates than the rest. In this regard I include *FirstElection* as a control variable, in which the first presidential election after democratization is coded one and the others are coded zero.

In addition to those control variables that other scholars have already examined, I include *PartyAge* as a variable that controls for the degree of party-voter linkage. As discussed, I expect that the degree of party-voter linkage affects entry coordination among politicians. When party-voter linkage is weak, it is likely to increase the number of candidates, because presidential aspirants still see some chances of winning even when they enter without the endorsement of existing parties, as long as they are popular personally. To measure the degree of party-voter linkage, I use the average age of legislative parties in a given country at the time of the election in question. Data for this variable is from Beck et al. (2000). The regression model testing Hypothesis 1 is the following:

$$ENCpres_t = \beta_0 + \beta_1 Incumbent_t + \beta_2 Runoff + \beta_3 Runoff * Ethnic + \beta_4 Ethnic \\ + \beta_5 FirstElection + \beta_6 PartyAge_t + \varepsilon$$

## Testing Hypothesis 2

The dependent variable for Hypothesis 2 is the degree of instability in the presidential-level party system from one election to the next, named *PresVolatility*. To measure the instability, I use the average Pedersen index of total electoral volatility (Pedersen, 1983). It gauges to what extent the inter-party competition differs from one election to the next and is calculated as the sum of individual party gains and losses divided by two.<sup>9</sup> The higher the average Pedersen index is, the higher the party-system instability. The independent variable of interest is *ENCpre* which is the effective number of presidential candidates. The calculation method for this variable is the same as that in Hypothesis 1. I expect the coefficient of *ENCpre* to be positive.

In order to estimate the independent effect of the number of presidential candidates, I include the control variables which have been found to be of some importance in the existing literature on party-system volatility (Bartolini & Mair, 1990; Roberts & Wibbels, 1999; Tavits, 2005; Mainwaring & Zoco, 2007). These can be grouped into economic, societal, and institutional variables. As economic factors, I include the GDP growth rate (*GDP*) and the logged rate of inflation (*Inflation*). Instead of the raw rate of inflation, the logged rate is used in order to avoid the situation in which cases of hyperinflation skew the results. Both were lagged by one year to the election in question. The data on these economic variables are taken from the database prepared by the International Monetary Fund (2005).

As for the societal factor, it has been argued that the salience of social cleavage

positively contributes to party-system stability. Scholars have employed various types of proxies to measure this factor. These include the degree of party membership among the population (Bartolini & Mair, 1990), trade-union density and the size of the informal sector (Roberts & Wibbels, 1999, Maiwaring & Zoco, 2007), as well as the absolute difference between the share of urban and rural populations (Tavits, 2005). Since none of these data are sufficient to cover the range of countries included in my data set, I use the degree of ethnic fragmentation as a proxy, a method that Tavits (ibid) also employs. This variable is named *Ethnic* and its data source is the same as that in Hypothesis 1.

As institutional variables, I include two. One is the presence or absence of institutional discontinuity during the period between elections in question, called *InstDisturb*. Roberts and Wibbels (1999) showed, in their study of Latin American countries, that when there were some events that disturbed institutional continuity, volatility increased. Such events included the forced resignation, overthrow, or impeachment of a president, as well as changes in electoral rules. I coded the corresponding dummy variable with a value of one when there was one of those events between the two elections for which volatility scores were calculated, and zero otherwise. The specific events coded as one are listed in Appendix 2. The other institutional variable is the degree of party-voter linkage. A strong linkage designates the situation in which politicians and voters alike accord values to the parties but not to individual politicians. When this linkage is strong, party-system volatility is expected to be low. This factor is measured by the average age of legislative parties and named *PartyAge*. The data source is the same as that in Hypothesis 1.<sup>10</sup>

Finally, as a trend variable I include *Time*, which is the number of years that have



passed between the first democratic presidential election and the election in question. Since my data set has a time-series structure, including *Time* helps to avoid the problem of spurious correlation that may occur when the values of dependent and independent variables changed independently but in a consistent direction over time. At the same time, I test whether the time variable's relationship to the dependent variable is positive during the first few years of a democratic regime and then turns negative after some time passes, as Tavits (2005) has done in her analysis of legislative-level party-system volatility in Eastern Europe. In other words, the expectation here is that the first several elections see an increase in instability. After the initial phase of instability, party competition is likely to become stable, since elites develop a more accurate expectation about their chances of winning over time, and this facilitates successful entry coordination continuously. This expectation is tested by using a second-order polynomial in *Time*, that is,  $(Time)^2$ . One might question the multicollinearity of *Time* and *PartyAge*. The correlation coefficient between the two variables is 0.06, and thus multicollinearity should not be a concern.

The model specification testing Hypothesis 2 is the following:

$$PresVolatility_{(t,t+1)} = \beta_0 + \beta_1 ENCpres_{t+1} + \beta_2 GDP_{t+1} + \beta_3 Inflation_{t+1} + \beta_4 Ethnic_{t+1} + \beta_5 InstDisturb_{(t,t+1)} + \beta_6 PartyAge_{t+1} + \beta_7 Time_{t+1} + \beta_8 (Time_{t+1})^2 + \varepsilon$$

### Testing Hypothesis 3

Hypothesis 3 tests the effects of presidential party-system volatility on legislative-level party-system instability. The dependent variable is the degree of

party-system volatility in the legislative-level election. This is named *LegisVolatility* and is measured by the Pedersen index discussed above.

The independent variable of interest is presidential party-system volatility, or *PresVolatility*, measured the same as that in Hypothesis 2. In matching the legislative and presidential volatility scores in the data set, I used the following scheme. For cases in which presidential and legislative elections are held concurrently, the volatility scores of presidential elections and legislative elections held during the same election years are matched. For cases in which presidential and legislative elections were totally non-concurrent, the legislative volatility score was matched with the election held immediately after the presidential election in question. For example, suppose that there were presidential elections in 1990 and 1996, and legislative elections in 1993 and 1997. The presidential volatility score calculated for the 1990 and 1996 elections was matched with the legislative volatility score for the 1993 and 1997 elections. In the case of mixed concurrency, I ignored the mid-term legislative election, and matched the volatility scores of the presidential and legislative elections concurrently held. For example, if there were presidential and legislative elections in 1992 and 1998, and a mid-term legislative election in 1995, then the presidential volatility score was calculated from the 1992 and 1998 elections. The matching legislative volatility score used election results from the 1992 and 1998 elections. Since the goal of my analysis is to estimate the effect of presidential party-system volatility on legislative-level volatility, legislative volatility from a concurrent election to the next mid-term election, and from a mid-term election to the next concurrent election are less relevant. Nevertheless, I conducted a robustness check using the sample

that included the volatility scores between the mid-term and the next concurrent elections, and the results remained the same (see Appendix 4-2).

The control variables are the same as the ones used in Hypothesis 2, plus the number of relevant legislative parties, *ENPleg*, following Pedersen (1983) and Tavits (2005). They argue that instability increases in multiparty systems, since voters can more easily transfer votes from one party to another. To measure *ENPleg*, I used the Laakso and Taggepera index discussed above. The model is specified as follows.

$$\begin{aligned} LegisVolatility_{(t,t+1)} = & \beta_0 + \beta_1 PresVolatility_{(t,t+1)} + \beta_2 ENPleg_{t+1} + \beta_3 GDP_{t+1} + \beta_4 Inflation_{t+1} \\ & + \beta_5 Ethnic + \beta_6 PartyAge_{t+1} + \beta_7 InstDisturb_{(t,t+1)} + \beta_8 Time_{t+1} \\ & + \beta_9 (Time_{t+1})^2 + \varepsilon \end{aligned}$$

In estimating models using time-series cross-section data, which is the procedure used here, ordinary least squares (OLS) regression tends to produce standard errors that lead to extreme overconfidence (Beck and Katz 1995). In order to avoid this problem, I estimate the above models using OLS with robust standard errors clustered by country.<sup>11</sup> Table 2 reports the descriptive statistics of variables included in the hypothesis testing, excluding those coded as dummy variables.

[Table 2 about here]

#### 4. Results and Discussion

### **Incumbent Entry on Number of Presidential Candidates**

Table 3 reports the result of regression analysis on the determinants of the effective number of presidential candidates. It shows strong support for Hypothesis 1, that the absence of an incumbent fragments the presidential race. The coefficient on *Incumbent* is negative as expected and significant at the 0.01 level. This suggests that when an incumbent is in the race, the effective number of candidates is reduced by almost one (0.89). I also conducted robustness checks by including additional control variables such as GDP, inflation, and the number of years that had passed since the first presidential election, but the degree of significance remained as robust as the baseline model, significant at the 0.01 level (see Appendix 3). Taken together, my results indicate that the absence of an incumbent has a tendency to fragment the presidential race.

[Table 3 about here]

### **The Effect of Presidential-Election Fragmentation on Presidential Party-System Volatility**

The results shown in Table 4 provide support for Hypothesis 2. The coefficient on *ENPpres* is positive and significant at the 0.05 level. An increase in the effective number of presidential candidates by one correlates to an increase of 7.8 points in party-system volatility. Among the control variables, the coefficients on *PartyAge*, *InstDisturb* and *Time*<sup>2</sup> are significant and in the expected direction. These results suggest that countries with older parties tend to have more stable inter-party competition, and that a major institutional disturbance is associated with an increase in volatility by 20 points. Also, while the level of

significance is marginal in the coefficient on  $Time^2$  (at the 0.1 level), the result suggests that the party system starts to become stabilized once some time passes after the transition. The zero slope in the curve relationship between  $Time$  and  $Time^2$  is at  $-\beta_1 / 2\beta_2$ , which is 18 years ( $-0.75 / 2 \times 0.02$ ). This means that on average it takes about 18 years of democratic experience before a country starts to have relatively stable inter-party competition.

[Table 4 about here]

### **The Effects of Presidential Party-System Volatility on Legislative Party-System Volatility**

Table 5 indicates that presidential volatility is a very strong determinant of the degree of legislative party-system stability. The coefficient of *PresVolatility* is positive and significant at the 0.001 level or better, and suggesting that an increase of presidential volatility by one point increases the legislative volatility by 0.6 point. *PartyAge*, *InstDisturb*, and  $Time^2$ , which are significant contributors in the case of presidential volatility, cease to be significant when included in this model. This result suggests that among new democracies, legislative-level party-system formation is more heavily influenced by presidential-level competition than by other issues such as the degree of party-voter linkage (represented by the longevity of parties), politically disturbing events, and the passage of time. This finding in turn suggests that scholars should pay more attention to the interaction between presidential-level and legislative-level party-systems, while previous studies examined these two levels separately (see e.g. Roberts & Wibbles, 1999).

[Table 5 about here]

In sum, empirical tests support the claim that the absence of an incumbent president in elections tends to create the chain of influence that leads to legislative-level party-system instability. Taking one step back, a single presidential term limit creates a situation in which the incumbent is *always* not in the race, while countries with multi-termed presidencies have the chance of having incumbents in elections. In this respect, I maintain that for new democracies adopting a single presidential term limit makes them more prone to party-system instability in both presidential and legislative elections than those that allow presidents to serve several terms, other things being equal.

## **Conclusion**

This paper has argued that among new democracies, limiting a president to a single term is more likely to destabilize the legislative-level party system than if presidents are allowed to serve multiple terms. Whether or not presidents are banned from immediate re-election affects the presence or absence of the incumbent in presidential elections, which is the driving force of this conjecture. In single-termed systems, the incumbent is always absent in the presidential race, while multi-termed presidential systems retain a higher possibility of incumbent entry. The absence of the incumbent contributes to the fragmentation of the presidential race, which then leads to party-system instability at the presidential level. Furthermore, higher instability in presidential competition destabilizes the legislative-level party system. I tested this claim using the data from 36

newly-democratized presidential countries with regression technique, and the results supported my claim. One implication of this finding is that it is more advisable not to adopt single presidential term limits if one wants to avoid party-system instability.

Nevertheless, it is too early to say whether multi-termed presidency is better than single-termed presidency in general. This paper examined only one of the consequences among the potentially many effects of term limit variation. There are many other potentially important consequences that have not been explored, issues such as the accountability and responsiveness of the president, budget politics (the electoral business cycle), and executive-legislative relations in the legislative process. Before judging which term limit is preferable, we need to understand a whole range of consequences. In this respect, scholars are urged to pay more attention to the consequences of presidential term-limit rules in the future.

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<sup>1</sup> One exception is Choi (2001) that studies how the change from a two-term-limit to a single-term-limit leads to the fragmentation of presidential party system in the case of the Philippines.

<sup>2</sup> For a concise review of the issues involved in legislative term limits and their effects, see

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Cain and Levin (1999).

<sup>3</sup> Costa Rica and Venezuela technically do not belong to the group of “third-wave democratizers”: Costa Rica became democratic in 1953, and Venezuela in 1958. However I include these countries in Table 1 since they share properties similar to the rest of third-wave countries in terms of the level of socio-economic development.

<sup>4</sup> Mainwaring & Zoco (2007) is an exception. Their study examines whether the presidentialism contributes to a higher party-system instability than the parliamentarism and semi-presidentialism, and finds that this variation does not have statistically significant effect.

<sup>5</sup> This calculation is based on the data for 58 elections in 23 countries that allow presidents to run multiple terms. Incumbent presidents were in the race for 33 cases out of 58 elections.

<sup>6</sup> This happens due to the mechanism known as Duverger’s Law (Duverger, 1954) which is extended by Cox (1997) as the M+1 rule. In a nutshell, Duverger’s Law posits the following. When only one candidate can win, voters would expect that those who have a serious chance of winning are the first and second runners-up and voting for a third runner-up means wasting votes, therefore they might eventually shift their support from the third to the first or second place candidate. This behavior is known as strategic voting. Politicians, anticipating this strategic behavior of voters, would refrain from entering the race unless they expect to be one of the top two candidates. As a result, a two-party competition arises. In the case of the majority runoff formula, the theoretical equilibrium in the number of candidates in the first round election is three, since the top two vote-getters

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are elected to compete in the second round election.

<sup>7</sup> Kasuya (2005) examines in detail how this happens in the case of the Philippines.

<sup>8</sup> The mathematical expression is:  $ENC = 1/(\sum v_j^2)$ , where  $v_j$  is the vote share of the  $j$ th candidate.

<sup>9</sup> Mathematically, the volatility index  $V$  is:  $V = \sum |c_{it} - c_{it+1}|/2$ , where  $c_{it}$  is the vote share for a party <sub>$i$</sub>  in a given election (Election <sub>$t$</sub> ), and  $c_{it+1}$  is the vote share of the same party <sub>$i$</sub>  in the next election Election <sub>$t+1$</sub> .

<sup>10</sup> To address a similar issue, Roberts & Wibbles (1999) use the term “party-system institutionalization.” In terms of operationalization, however, they also use the average age of parties.

<sup>11</sup> For the reasons why this method is more appropriate than other remedy methods, see Golder 2006, p.38.

Figure 1  
 Linking Presidential Term Limits and Legislative Party-System Stability

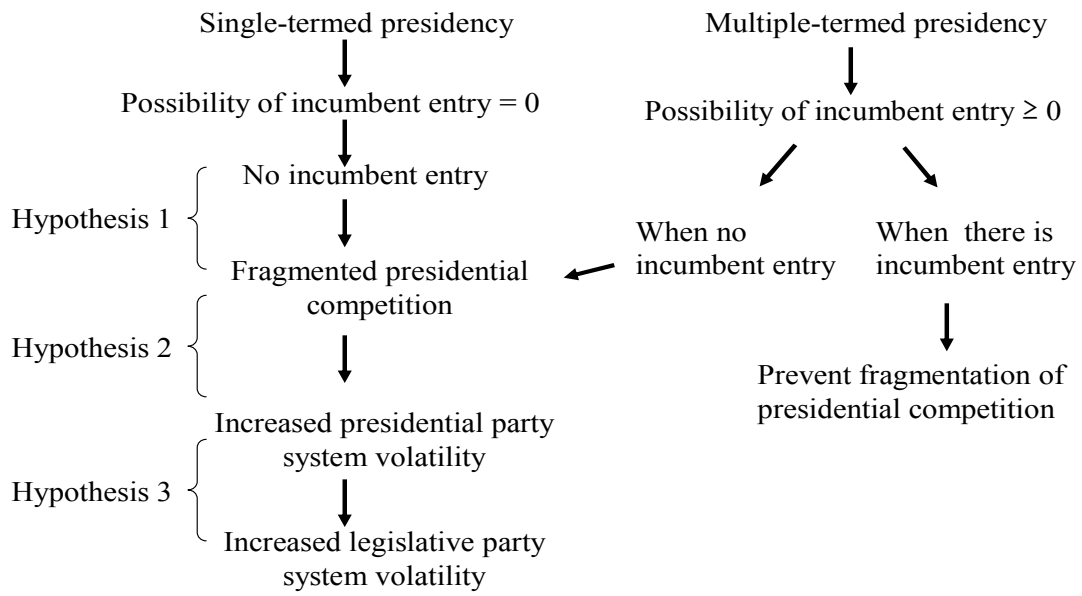


Table 1

*The Number of Presidential Terms in Third Wave Democracies*

Africa	# of terms	Asia	# of terms	Europe	# of terms	Americas	# of terms
Benin	2	Afganistan	2	Armenia*	2	Argentina <sup>1</sup>	2
Congo-Brazzaville*	2	East Timor	2	Bosnia-Herzegovina	1	Bolivia	2
Gabon*	2	Indonesia	n/a	Bulgaria*	2	Brazil <sup>2</sup>	2
Gambia	n/a	Kyrgsyz*	2	Croatia*	2	Chile	1
Ghana	2	Mongolia*	2	Georgia*	2	Colombia	1
Guinea-Bissau*	2	Philippines	1	Lithuania*	2	Costa Rica	1
Kenya	2	Singapore*	n/a	Macedonia*	2	Dominican Rep.	n/a
Liberia	2	South Korea*	1	Poland*	2	Ecuador	1
Madagascar*	2	Sri Lanka*	2	Portugal*	2	El Salvador	1
Malawi	2	Taiwan*	2	Romania*	2	Guatemala	1
Mali*	2	Yemen*	2	Russia*	2	Honduras	1
Mauritania	n/a			Slovakia*	2	Mexico	1
Mozambique*	2			Slovenia*	2	Nicaragua	1
Namibia*	3			Ukraine*	2	Panama	1
Niger*	2					Paraguay	1
Nigeria	1					Peru	2
Senegal*	2					Uruguay	1
Sierra Leone	2					Venezuela	2
Tanzania*	2						
Uganda	2						
Zambia	2						

Note:

a) This list includes countries that are rated “Free” or “Partly Free” in the Freedom House ratings in 2006, and excludes those rated as “Not-Free” (Freedom House 2006). It also excludes presidential and semi-presidential democracies that have a population less than 1 million.

b) n/a means that the number of terms is not specified in the constitution.

c) Asterisk(\*) indicates semi-presidential regimes.

<sup>1</sup> Since 1994, Argentina has come to have a two-term limit; before that, it had a single-term limit.

<sup>2</sup> Since 1997, Brazil has come to have a two-term limit; before that, it had a single-term limit.

Source: compiled by the author based on Flanz (n.d.) and Tschentscher (n.d.).

Table 2  
Descriptive Statistics of Variables

Variable	N. of Obs.	Minimum	Maximum	Mean	St.Dev.
<i>ENC president</i>	123	1.04	6.57	2.80	1.10
<i>ENP legislature</i>	126	1.29	13.87	4.06	2.32
<i>Presidential Volatility</i>	123	1.25	97.2	34.42	20.79
<i>Legislative Volatility</i>	122	3.55	100	34.05	23.38
<i>Party Age</i>	105	3	183	36.36	40.53
<i>Ethnic</i>	126	0.07	0.72	0.35	0.17
<i>Inflation</i>	122	-6.7	15606.5	192.14	1450.46
<i>GDP</i>	122	-11.6	14.3	3.41	4.20
<i>Time</i>	123	3	49	14.60	9.31

Table 3  
Regression Results on the Number of Presidential Candidates

Dependent Variable: Effective Number of Presidential Candidates

Variables	Coefficients (Robust Standard Errors)
Independent Variable	
<i>Incumbent</i>	-0.89(0.31)***
Control Variables	
<i>Runoff</i>	1.12(0.50)**
<i>Runoff*Ethnic</i>	-2.27(1.21)*
<i>Ethnic</i>	1.42(0.97)
<i>FirstElection</i>	-0.13(0.18)
<i>Party Age</i>	-0.00 (0.00)*
Constant	2.43(0.27)***
R-squared	0.22
# of observations	101

note: \*P ≤ 0.1, \*\*P ≤ 0.05, \*\*\*P ≤ 0.01.

Table 4  
Regression Results on Presidential Party-System Volatility

Dependent Variable: Presidential Party-System Volatility	
Variables	Coefficients (Robust Standard Errors)
Independent Variable	
<i>ENCpres</i>	7.34(2.98)**
Control Variables	
<i>GDP</i>	0.57(0.52)
<i>Inflation</i>	-0.41(4.33)
<i>Ethnic</i>	-15.54(16.19)
<i>PartyAge</i>	-0.12 (0.05)**
<i>InstDisturb</i>	19.95(7.21)***
<i>Time</i>	0.75(0.54)
<i>Time<sup>2</sup></i>	-0.02(0.01)*
Constant	24.32(14.86)
R-squared	0.32
# of observations	100

note: \*P ≤ 0.1, \*\*P ≤ 0.05, \*\*\*P ≤ 0.01.

Table 5  
Regression Results on Legislative Party-System Volatility

Dependent Variable: Legislative Party-System Volatility	
Variables	Coefficients (Robust Standard Errors)
Independent Variable	
<i>PresVolatility</i>	0.63(0.12)***
Control Variables	
<i>ENPleg</i>	-0.34(1.10)
<i>GDP</i>	0.15(0.61)
<i>Inflation</i>	-2.04(3.86)
<i>Ethnic</i>	12.91(18.54)
<i>PartyAge</i>	-0.01 (0.05)
<i>InstDisturb</i>	13.80(8.77)
<i>Time</i>	-1.28(0.94)
<i>Time<sup>2</sup></i>	0.03(0.02)
Constant	18.78(18.73)
R-squared	0.47
# of observations	96

note: \*P ≤ 0.1, \*\*P ≤ 0.05, \*\*\*P ≤ 0.01.



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## Appendix 1 Sample of Elections and their Data Sources

Country	Election Year and Data Source
Argentina	P: 83, 89, 95, 99, 03; L: 85, 87, 89, 91, 93, 95, 97, 99, 01 (Nohlen 2005)
Benin	L: 95 (Nohlen et al. 1999), 03; P91, 96, 01 ( <a href="http://cdp.binghamton.edu/era/countries/ben.html">http://cdp.binghamton.edu/era/countries/ben.html</a> )
Bolivia	P & L: 85, 89, 93, 97, 02 (Nohlen 2005)
Bulgaria	P: 92, 96, 01 (Berglund 2004:442); L: 90, 91, 94, 97, 01 ENP is from Brich (2003:109), and volatility scores are from Tavits (personal communication).
Colombia	P: 78, 82, 86, 90, 94, 98, 02; L: 82, 86, 90, 91, 94, 98, 02 (Nohlen 2005)
Costa Rica	P & L: 78, 82, 96, 90, 94, 98, (Nohlen 2005)
Croatia	L 92, 95, 00 (Birch 2003:109-124); P: 92, 97, 00 (Berglund 2004: 481).
Dominican Republic	P: 78, 82, 86, 90, 94, 96, 00, 04; L: 78, 82, 86, 90, 94, 98, 02 (Nohlen 2005).
Ecuador	P & L: 78, 84, 88, 92, 96, 98, 02 (Nohlen 2005)
Georgia	P: 92 (Nohlen et al. 2001), 95, 00 <a href="http://cdp.binghamton.edu/era/countries/grg.html">http://cdp.binghamton.edu/era/countries/grg.html</a> ; L: 92, 95, 99 (Nohlen et al. 2001)
Ghana	P: 96, 00, 04, L: 92, 96 (Nohlen et al. 1999), 00, 04; <a href="http://cdp.binghamton.edu/era/countries/gha.html">http://cdp.binghamton.edu/era/countries/gha.html</a> ,
Guatemala	P: 85, 90, 95, 99, 03, L: 85, 90, 94 (95 not available) 99, 03 (Nohlen 2005)
Honduras	P&L: 81, 85, 89, 93, 97, 01 (Nohlen 2005)
Korea, South	P: 87, 92, 97 (Nohlen et al. 2001), 02 <a href="http://cdp.binghamton.edu/era/countries/kor.html">http://cdp.binghamton.edu/era/countries/kor.html</a> ; L: 88, 92, 96, 00 (Nohlen et al. 2001), 04 same as P02
Lithuania	P: 93, 97, 02 (Berglund et al. 2004: 170); L: 92, 96, 00, Brich (2003: 110-124)
Macedonia	P 94, 99, 02 <a href="http://cdp.binghamton.edu/era/countries/mac.html">http://cdp.binghamton.edu/era/countries/mac.html</a> , L: 94, 98, 01 Brich (2003:110,124)
Madagascar	P&L: 92, 96, 01 <a href="http://cdp.binghamton.edu/era/countries/mag.html">http://cdp.binghamton.edu/era/countries/mag.html</a>
Malawi	P: 94, 99, 04 (Nohlen et al. 2001) L: 94, 99 (Nohlen et al. 2001), 04 <a href="http://www.iss.co.za/pubs/ASR/13No2/AWMaroleng.htm">http://www.iss.co.za/pubs/ASR/13No2/AWMaroleng.htm</a>
Mali	P: 92 (Nohlen et al. 2001), 97, 02 <a href="http://cdp.binghamton.edu/era/countries/mli.html">http://cdp.binghamton.edu/era/countries/mli.html</a> ; L: 92, 97, 02 same as P 97, 02.
Mexico	P: 82, 88, 94, 00; L: 82, 85, 88, 91, 94, 97, 00 (Nohlen 2005)
Mozambique	P 94, 99, 04 <a href="http://cdp.binghamton.edu/era/countries/mzm.html">http://cdp.binghamton.edu/era/countries/mzm.html</a> , ; L94 (Nohlen et al. 1999), 99, 04 same as P
Namibia	P&L 94 (Nohlen 1999), 99, 04 <a href="http://cdp.binghamton.edu/era/countries/nam.html">http://cdp.binghamton.edu/era/countries/nam.html</a>
Nicaragua	P & L: 90, 96, 01 (Nohlen 2005)

Panama	P&L: 94, 99, 04 (Nohlen 2005)
Paraguay	P &L: 89, 93, 98, 03 (Nohlen 2005)
Peru	P &L: 80, 85, 90, 95, 00, 01 (Nohlen 2005)
Philippines	P: 92, 98, 04; L: 92, 95, 98, 02 compiled by author based on COMELEC report
Poland	P: 90, 95, 00 <a href="http://www2.essex.ac.uk/elect/database/indexCountry.asp?country=Poland&amp;opt=elc">http://www2.essex.ac.uk/elect/database/indexCountry.asp?country=Poland&amp;opt=elc</a> ; L: 91, 93, 97, 01 (Birch 2003: 110, 124)
Portugal	P: 76, 80, 86, 91, 96, 01 <a href="http://en.wikipedia.org/wiki/Portuguese_presidential_election%2C_1996">http://en.wikipedia.org/wiki/Portuguese_presidential_election%2C_1996</a> ; L: 76, 79, 80, 83, 85, 87, 91, 95, 99, 01; <a href="http://www.electionresources.org/pt/index_en.html">http://www.electionresources.org/pt/index_en.html</a>
Romania	P 90, 96, 00 <a href="http://www2.essex.ac.uk/elect/database/indexCountry.asp?country=Romania&amp;opt=elc">http://www2.essex.ac.uk/elect/database/indexCountry.asp?country=Romania&amp;opt=elc</a> ; L 90, 92, 96, 00 Birch(2003:110, 124)
Russia	P 91, 96, 00 <a href="http://www2.essex.ac.uk/elect/database/indexCountry.asp?country=Russia&amp;opt=elc">http://www2.essex.ac.uk/elect/database/indexCountry.asp?country=Russia&amp;opt=elc</a> ; L: 93, 95, 99 Birch (2003:110, 124)
Senegal	P 78, 83, 88, 93, 00 <a href="http://cdp.binghamton.edu/era/countries/sen.html">http://cdp.binghamton.edu/era/countries/sen.html</a> ; L: 78, 83, 88, 93 (Nohlen et al. 1999), 98, 01 same as P
Taiwan	P: 96, 00 (Nohlen 2001), 04 <a href="http://psephos.adam-carr.net/countries/t/taiwan/">http://psephos.adam-carr.net/countries/t/taiwan/</a> ; L: 95, 98 (Nohlen 2001) 01, 04 same as P 04
Ukraine	P, 94, 99 <a href="http://cdp.binghamton.edu/era/countries/ukr.html">http://cdp.binghamton.edu/era/countries/ukr.html</a> ; L; 94, 98, 02 Birch(2003:110, 124)
Venezuela	P &L: 78, 83, 88, 93, 98, 00 (Nohlen 2005)

Notes: (1) P stands for presidential elections, and L stands for legislative elections.  
(2) Access dates of internet sources are October 2005.

## Appendix 2 Notes on Dataset Preparation

Benin	Seat percentage (not vote percentage) data were used to calculate the 2003 legislative election results.
Croatia	PR-tire data are used to calculate legislative results.
Ecuador	National district data are used to calculate legislative results.
Georgia	Seat percentage (not vote percentage) data were used to calculate the 1992, 1995, and 1999 legislative election results.
Ghana	Seat percentage (not vote percentage) data were used to calculate the 2000 and 2004 legislative election results.
Guatemala	National list data (not constituencies at the departmental level) are used to calculate legislative results.
Lithuania	PR-tire data are used to calculate legislative results.

Macedonia	PR-tire data are used to calculate legislative results, except for the 1994 data that use the results for the SMD-tire.
Madagascar	Seat percentage (not vote percentage) data were used to calculate the 1993 and 1998 legislative election results.
Malawi	Seat percentage (not vote percentage) data were used to calculate the 2004 legislative election results.
Mali	Seat percentage (not vote percentage) data were used to calculate the 1992, 1997, and 2002 legislative election results.
Mexican	Single Member Constituencies ( <i>candidaturas mayoritarias</i> ) data are used to calculate legislative results.
Russia	PR-tire data are used to calculate legislative results; Presidential Candidates Putin and Elitsin (both run as independent) were counted as the candidates from the same party.
Ukraine	SMD-tire data are used to calculate legislative results.

### Appendix 3 Coding of Institutional Disturbance

Country	Year	Event
Argentina	2003	early election called
Brazil	1992	removal of president after impeachment
Brazil	1997	shift from single to two-term limit for presidents
Ecuador	1997	coup
Ecuador	1998	coup
Ecuador	2002	electoral rule change for deputies
Georgia	2003	extra-constitutional ouster of president
Guatemala	1993	coup attempt
Madagascar	1996	impeachment
Paraguay	1999	president resigns
Peru	1992	autogolpe
Peru	2000	president resigns
Philippines	2001	extra-constitutional ouster of president
Venezuela	1999	creates new legislature
Venezuela	1992	coup attempt

Source: compiled by the author based on Nohlen et al. 1999; Nohlen 2001; Nohlen 2005.

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## Appendix 4 Robustness Checks

### Appendix 4-1 Robustness Check on the Number of Presidential Candidates

Dependent Variable: Effective Number of Presidential Candidates

Variables	Coefficients (Robust Standard Errors)
Independent Variable	
<i>Incumbent</i>	-0.85(0.32)***
Control Variables	
<i>Runoff</i>	1.10(0.51)**
<i>Runoff*Ethnic</i>	-1.98(1.25)
<i>Ethnic</i>	0.98(0.92)
<i>PartyAge</i>	-0.01 (0.00)*
<i>InstDisturb</i>	0.23(0.34)
<i>GDP</i>	-0.00(0.03)
<i>Inflation</i>	-0.02(0.24)
<i>Time</i>	0.06(0.03)**
<i>Time<sup>2</sup></i>	-0.00(0.00)***
Constant	2.12(0.54)***
R-squared	0.25
# of observations	99

note: \*P ≤ 0.1, \*\*P ≤ 0.05, \*\*\*P ≤ 0.01.

### Appendix 4-2 Robustness Check on Legislative Party-System Volatility

Dependent Variable: Legislative Party-System Volatility (counting the volatility scores using mid-term elections)

Variables	Coefficients (Robust Standard Errors)
Independent Variable	
<i>PresVolatility</i>	0.65(0.12)***
Control Variables	
<i>ENPleg</i>	-0.23(1.10)
<i>GDP</i>	0.18(0.61)
<i>Inflation</i>	-1.57(3.84)
<i>Ethnic</i>	14.09(18.60)
<i>PartyAge</i>	-0.01 (0.05)
<i>InstDisturb</i>	14.08(8.78)
<i>Time</i>	-1.36(0.95)
<i>Time<sup>2</sup></i>	0.03(0.01)*
Constant	8.29(15.57)
R-squared	0.45
# of observations	98

note: \*P ≤ 0.1, \*\*P ≤ 0.05, \*\*\*P ≤ 0.01.