

Regionalised party systems lead to lower social spending

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Regional identities and political parties have become increasingly important in several European countries.

Ignacio Jurado studies the level of party system nationalisation in 22 OECD countries and its implication for social policies. He finds that regionalised party systems provide lower levels of social spending, particularly in national health programmes. He also argues that in the current climate of economic challenges, the regionalisation of party systems may significantly influence welfare state dynamics and national social policy provisions.



What are the consequences of having a regionalised electoral landscape? In a recently published [article](#), I have argued that when the party system is regionalised, spending policies will be biased towards pork barrel and other distributive policies, instead of national and broad based programmes, such as social spending.

Party system nationalisation is defined as 'the extent to which parties compete with equal strength across various geographic units within a nation' and is found to vary greatly between and within countries. The level of competitiveness across districts is not always constant as the territorial dynamics of electoral support change between different elections. A highly nationalised electorate results in parties obtaining a more even vote share across districts, while regionalised electorates lead to parties obtaining varied electoral support across districts. Differences in the electoral geography of parties' voters may have implications in terms of their strategies and policy focus. However, while research has concentrated on the causes of party system nationalisation, the analysis of its consequences has lagged behind.

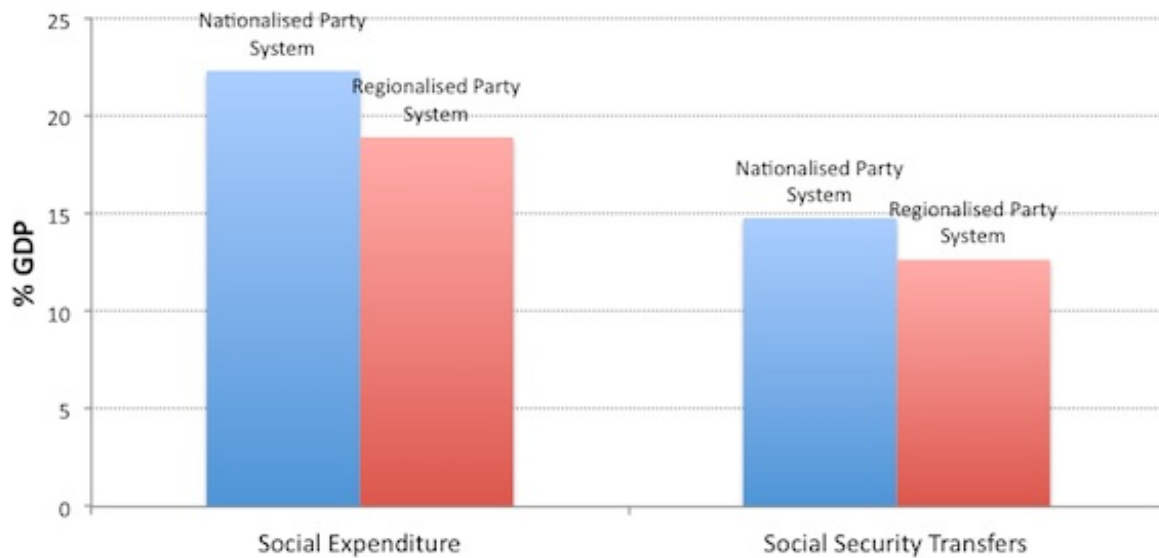
In his classic book, '[The Semisovereign People: A Realist's View of Democracy in America](#)', E.E. Schattschneider argued that a nationalised party system entails that political conflict revolves around national conflicts, instead of sectional or particularistic interests. I argue that, as a consequence, party systems with greater levels of nationalisation will exhibit higher levels of national based programmes, such as social spending and transfers, than party systems where electoral support is more regionalised.

I suggest two mechanisms that explain this. First, a party's interest in a type of spending policy has to do with their expected electoral benefits and how efficiently policies target voters. When parties are able to win electoral support in all districts, they will have strong incentives to provide policies that deliver benefits throughout the whole country. These policies will be more capable of attracting a national electorate. However, where electoral support is concentrated in particular territories, parties will prefer to formulate distributive policies that exclusively target the areas where their voters are located.

Second, when parties obtain regionalised support, it might be because voters are taking local factors into account when making their national vote choices. These particularistic and locally based demands may undermine politicians' incentives to provide national policies, such as broad social spending programmes.

I tested this hypothesis with data from 22 OECD countries for the 1980–2006 period. The results in my Chart below show that there is a consistent and robust positive relationship between the level of party system nationalisation and national policy provision. The chart below shows that a highly nationalised party system, such as one at Sweden's levels, is expected to provide an average of 22.32 per cent of GDP in social expenditure. Yet, a highly regionalised party system, for example at Belgium's average level, would provide 18.92 per cent of GDP. A similar comparison for social security transfers yields a 2.13 percentage point difference between a nationalised and a regionalised party system. These differences are of a very relevant magnitude, as big as the gap between Italy and Denmark in social expenditure.

Chart: Impact of party system nationalisation on social spending in 22 OECD countries (1980-2006)



Note: For full calculations see the author's [longer paper](#).

The impact of party system nationalisation, however, varies depending on the specific type of social spending. Both the social expenditure and social security transfers are very comprehensive measures that include a variety of spending programmes. When we disaggregate them, we find that the effect of nationalisation is particularly strong for health policies.

Health spending is a paradigmatic national policy that provides benefits to voters in all locations and with very different profiles. A country at Sweden's electoral nationalisation levels is expected to spend 6.03 per cent of GDP on health, whereas a highly regionalised, country such as Belgium, is expected to spend 4.53 per cent of GDP on health policies. Conversely, unemployment benefits are among the least affected by party system nationalisation. Unemployment rates tend to vary highly across regions. Therefore, there is less of a national demand for unemployment benefits, as some regions and districts clearly benefit more than others. This explains why the relationship between party system nationalisation and unemployment benefits is weaker.

In conclusion, regionalised party systems provide lower social spending, particularly in the most national and broad programmes. These results have at least two relevant implications for our understanding of current economic and social challenges. Firstly, they show that welfare state retrenchment will be more likely in countries where electorates are regionalised. If the current economic crisis is having a heterogeneous economic impact across regions, we should expect further regionalisation of parties' electorates, which may in turn affect welfare state dynamics. Territorial distributive politics may increasingly dominate electoral competition.

Secondly, results show how economic conflict underlies territorial politics. Many European countries are experiencing an increase in the saliency of political cleavages based on regional identities. If a regionalised party system emerges from these identity-based conflicts, this will also translate into competition for economic resources and locally targeted spending policies.

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