This study has drawn a new picture of the formation of party systems in post-communist democracies in Europe. Eighteen years after the beginning of the transition towards democracy, party systems in Central and Eastern Europe have adopted very different structures across the twenty democracies in the region. In some cases, such as in Hungary or Albania, systems with two major parties and a few small competitors have emerged, whereas other countries, such as Poland, Ukraine or Russia, have suffered over a few elections from hyper-fractionalisation and many micro-parties, and Latvia, Lithuania and Bosnia still have extremely large party systems. This is of major importance, since the number of parties is considered to be an important variable in comparative politics and comparative political economy, having impacts on governability and representation, and also on policy outcomes, among which are economic performance or violent conflicts.

The diverging number of parties in post-communist countries constitutes a puzzle because, unlike in other regions, the variance cannot be directly explained through the most common variables employed in electoral system theories. From most comparative studies on electoral system effects, it has emerged that the fractionalisation of party systems depends on district magnitude (Lijphart, 1994b; Rae, 1967; Taagepera and Shugart, 1989), but in post-communist countries this relationship seems not to hold, and even mixed electoral systems have led to very different party systems in different countries. This has led to the common view that institutional impacts, namely, the role of electoral systems, are irrelevant for the formation of party systems in post-communist Europe (Clark and Wittrock, 2005, p. 172; Golder, 2002; Lewis, 2006, p. 570, see also Chapter 2 of this volume).
In contrast to these perspectives, this study has shown that electoral systems do have a strong impact, although in a more complex model. Many effects of electoral systems occur on the level of electoral districts, and not at the national level. This means, however, that electoral systems can only have effects on national party systems if there is a linkage of party systems at the local or regional, and the national level. Recently, research has investigated the territorial structure of party systems, mainly by focussing on the territorial homogeneity of party support across the country, otherwise termed party nationalisation. This study has shown that, after controlling for party nationalisation, which varies substantially in post-communist democracies, the puzzle of the unexpected electoral system effects can be resolved.

7.1 A two-step model to investigate the effect of party nationalisation and electoral systems

The effect of electoral systems on the national party systems relies on party nationalisation. Under high party nationalisation, parties are represented in all regions of a country and their vote shares vary only slightly. This means that the electoral system impact is transferred from the electoral districts to party systems at the national level. Accordingly, in the case of high party nationalisation, district magnitude has a strong impact on party system fragmentation at the national level. This is not the case, however, for regional or weakly nationalised parties, which score most of their votes in a small part of a country. The more the party system varies from district to district, the more different parties might get elected to national parliaments, even if district magnitude is low. In weakly nationalised party systems, the concentrating effect of small districts does not have any impact on party system fragmentation at the national level.

Some parties appear to be more nationalised than others. This is related to the character of political issues along which they are organised. Parties mobilising social groups that are concentrated in only a part of the country are weakly nationalised. Such parties emerge in countries with territorially based conflict lines. Other social and political divides, such as the economic (left–right) conflict, do not have a strong territorial dimension. Parties along such non-territorial divides are highly nationalised. In sum, the main argument of this study thus links aspects of the territorial character of social divides and electoral system effects. The cleavage argument has been tested with a look at the ethnic structure of the countries, with an eye on the fact that ethnic identities are strong and mostly stable in the post-communist countries...