Is Moderation the Best Strategy?

Policy Moderation and Coalition Membership in Western Europe

Michelle Pritchett
Department of Political Science
University of Michigan
mpritche@umich.edu

Jae-Jae Spoon
Department of Political Science
University of Iowa
jae-jae-spoon@uiowa.edu

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ABSTRACT

Current scholarship on policy moderation suggests that mainstream parties benefit electorally from policy moderation, whereas niche parties do not. We apply this framework to understanding the relationship between policy moderation and government membership for both mainstream and niche parties. We argue that whereas policy moderation on the left-right spectrum makes mainstream parties attractive coalition partners; it has no effect on coalition prospects for niche parties. Niche parties, however, are more likely to join a governing coalition when they moderate on niche issues, except when there is a pattern of oversized coalitions. To test our hypothesis, we use Comparative Manifestos Project data for 19 West European countries from 1980-2010. Our findings have important implications for understanding the relationship between policy moderation and government participation and how policy and office goals influence the differing strategic decisions parties’ make.
The 1992 United Kingdom parliamentary elections marked the Conservative Party’s fourth consecutive defeat of the Labour Party. In assessing Labour’s loss, some believed that there was little the party could do to regain parliamentary power (Crewe, Norris, and Waller 1992). However, in 1997, Tony Blair revitalized the party, and following New Labour’s landmark electoral victories, ended nearly eighteen years of Tory government. What is most remarkable about Labour’s re-entry into parliamentary power is not the magnitude by which the party won, but the effectiveness of Blair’s strategy. In creating “New Labour,” he did not leverage new cleavages or introduce new issues, but centralized the party’s ideology, making Labour’s platform virtually indistinguishable from that of the Conservatives (Margetts 1997). This approach was largely responsible for Labour’s electoral victory in 1997 and both its popularity among the electorate and its prime ministerial monopoly through 2008.¹

The Austrian Green Party (Die Grünen-Die Grüne Alternative) made a similar ideological choice during the 2002 parliamentary elections. In an attempt to end the coalition between the extreme far-right Freedom Party (Freiheitliche Partei Österreichs, FPÖ) and the mainstream right People’s Party (Österreichische Volkspartei, ÖVP) that resulted from the 1999 elections, the Austrian Greens moved their left-right ideology closer to the Socialist Party (Sozialdemokratische Partei Österreichs, SPÖ) (Luther 2003). However, this strategic move for coalition membership did not benefit the Green Party. The Greens and the SPÖ failed to gain a joint majority of votes or seats, ending the possibility of a Red-Green coalition.² Without precedent for a surplus majority coalition (Müller 2000), the eventual coalition formateur was the second largest party, the ÖVP. Despite serious negotiations with the more-centrist Greens,

¹ Labour also benefited from a number of Conservative missteps from 1992-1997: the devaluation of the pound, corruption within the party, and indecent scandals involving party members, among others (Margetts 1997).
² Voters were wary of a Red-Green coalition because of reports from neighboring Germany. The Red-Green coalition between Bündnis 90/Die Grünen and Sozialdemokratische Partei Deutschlands had failed to deliver its campaign promises, and Austrian voters feared similar results (Luther 2003).
ideological dissimilarity prevented the ÖVP-Green coalition, and another ÖVP-FPÖ coalition prevailed. In the end, the Green’s moderation strategy failed to secure them a place in the Austrian government.

The above cases illustrate an important dynamic: political parties make strategic ideological decisions in pursuing public office, but not all are successful. In this paper, we argue that mainstream parties have an incentive to moderate their issue positions relative to other parties for the purposes of gaining public office, similar to the British Labour Party. However, parties that compete outside the traditional left-right spectrum, like the Austrian Greens, do not gain from this strategy, generally.

The decisions made by Labour and the Greens, moreover, enables us to understand two broader questions. First, what actions can parties take to achieve their goals? The coalition process is one instance where both party goals and strategy are readily observable. Because coalition membership provides agenda-setting power, parties have an incentive to become partners in government. We posit that, under certain conditions, ideological moderation is a useful strategy in making oneself an “attractive” coalition member and gaining access to public office. Second, do different types of parties necessarily benefit from the same strategies? More specifically, we discuss the unique nature of small, ideologically compact “niche parties.” We suggest that niche parties would benefit from coalition membership because of their ideological specificity and focus on policy (Kitschelt 1989; Meguid 2005, 2008; Spoon 2007, 2011). However, we argue that niche parties’ moderation is constrained by two important factors. First, they value ideological purity and policy over office holding. Second, they are beholden to more extreme constituents (Adams et al. 2006). As such, niche parties are fundamentally different
from mainstream parties in pursuing office. In order to achieve this goal and others, they must utilize innovative strategies.

The paper proceeds as follows. In the first section, we discuss the extant literature on party strategy, coalition formation, and niche party behavior and present our expectations for party moderation. Next, we test our hypotheses on the probability of mainstream and niche party coalition membership, looking at both left-right and niche issues. Our results show that when mainstream parties moderate on left-right issues, they are more likely to join a governing coalition. Conversely, we do not find a similar effect of niche party moderation on these issues. We do find, however, that when niche parties moderate on niche issues, they are more likely to join a coalition. We argue that this result is conditioned by the nature of institutions in the party system. Our findings have important implications for understanding how niche parties, driven by the dual goals of policy and office, are strategic actors.

**Party Goals and Party Strategy**

Understanding party behavior necessitates a definition of party goals and the methods by which parties achieve them. Following Strøm (1990) and Müller and Strøm (2000), we delineate the idea of “party goals” into three main categories: votes, office and policy. In this section, we discuss each goal and its related strategies independently before synthesizing the three. First, purely vote-seeking parties look to maximize their electoral support (Downs 1957). To achieve this goal, parties have an incentive to move towards the median voter, courting as many constituents as possible (Kirschheimer 1966; Duverger 1972). It is important to note that context shapes a party’s method of vote maximization. Different electoral systems (Hinich and
Ordeshook 1970) and the probability of success (Robertson 1976) condition a party’s vote-seeking strategies.

Second, parties seek office. As focused groups of elite-actors they aim to maximize their own governmental power (Riker 1962; Aldrich 1995). Power is often operationalized as the “spoils” that go to the party that controls the particular office. These spoils may include agenda-setting powers or policy control, but are often defined through portfolio allocation (Budge and Laver 1986). If control of office and its respective rewards are driving parties, then they have an incentive to perform well in elections (Browne and Franklin 1973) or signal to formateurs that they are attractive coalition partners (Budge and Laver 1986).

Finally, parties seek to pass policies either through their own efforts or through the influence they have on a major party (Schattschneider 1960; Axelrod 1970; Wittman 1973, 1983; Lijphart 1984). The policy-seeking party wants agenda-setting power and sees both votes and office as a means to legitimizing their claims to this power (Chappell and Keech 1986). In parliamentary government, both outright control and portfolio control are useful, though not necessary, for the policy-seeking party (de Swann 1973).

Separating these three goals is difficult, as they are intrinsically tied to one another. As such, following recent literature, we believe that these goals are fluid and dynamic and do not suggest that any particular party is only concerned with a single goal (Strøm 1990). At any given time, a particular goal may take precedence over another (Austen-Smith and Banks 1988), but parties generally balance between the three simultaneously. These goals are also malleable; there is a party-specific amount of flexibility to change both goals and strategies (Harmel and Janda 1994). Furthermore, certain types of parties generally prioritize their goals in different ways than others. Mainstream parties are concerned with votes and office during an election, office during
coalition formation and policy and votes while in parliament (Strøm 1990). However, niche parties generally prioritize policy during elections, coalition formation and parliamentary terms (see, for example, Kitschelt 1989: Meguid 2005, 2008; Spoon 2007, 2011). Characterizing party goals as multifaceted, dynamic and party-unique allows us to discuss a fuller set of party strategies. This definition proves particularly useful when we examine party strategy in coalition formation.

**Joining a Coalition**

Regardless of a party’s goals, coalition participation can provide real, tangible benefits. Membership is the most observable indicator of, and direct path to, success in office, vote, and policy goals in parliamentary systems. Coalition membership itself means office-seeking success. Coalition members receive some role in the government, through either the prime-ministership or portfolio allocation. In seeking votes, parties can use the spoils of coalition partnership to “credit-claim” in the next election (Carey and Shugart 1995), and for the purposes of policy, parties gain useful agenda-setting powers (Döring 2001). Parties that join a government have attained some level of success, so it is important to discuss factors that predict coalition membership. In doing so, we gain insight into the possible strategies that lead to membership.

The most important predictors of potential coalition participation are size, ideological compactness and previous membership. First, size matters. Riker (1962) and Leiserson (1966) first hypothesized that coalitions were minimum winning, amassing $n$ members or parties, respectively, that achieve a legislative majority. Later empirical studies rejected the minimum winning frameworks (see, for example, Taylor and Laver 1973) and offered several refinements.
These include both the role of dominant parties and institutional importance. The first is straightforward; the largest partisan delegation has the most leverage in forming coalitions (van Roozendahl 1992). Given that the largest parties are often ideologically centrist (Duverger 1972) or occupy the ideological center of the party system (Laver and Schofield 1990), these parties usually have the most bargaining leverage.

Importantly, institutional norms and rules affect the importance of size. A considerable number of governments are not minimum winning, but minority (Taylor and Laver 1973; Strøm 1984) and surplus majority (Axelrod 1970; Carrubba and Volden 2000). Numerous scholars note that the relationship between size and coalition membership is context-dependent (Franklin and Mackie 1983). Minimum winning coalitions form when the benefits to membership are not necessarily obvious, for example. Parties’ uncertainty about the payoffs of membership changes the nature of the bargaining game; parties are less willing to ally with a dominant party (Strøm 1990). Conversely, surplus majority coalitions occur when coalitions are harder to maintain (Carrubba and Volden 2000; Volden and Carrubba 2004). Formateurs that worry about defection have an incentive to augment the size of government. Overall, increasing uncertainty about both the future benefits of coalition membership and members’ loyalty leads to these two coalition types.

Second, ideological compactness plays an important role in formation (Axelrod 1970; de Swann 1973; Franklin and Mackie 1983; Laver and Schofield 1990; Warwick 1996; Martin and Stevenson 2001). Parties that are more ideologically similar have a higher probability of joining a coalition with one another. Parties that are “closer” to one another in an n-dimensional policy space, moreover, are more adept at passing mutually beneficial policies (Tsebelis 2002). If
parties use office as a means to achieve policy (Budge and Laver 1986), then ideological compactness matters.

Finally, scholars have identified two reasons that explain why previous coalition membership is strongly predictive of subsequent government participation. The first is a reputation effect. According to Tavits (2008), if a party causes a coalition to disband by either withdrawing or creating internal conflict at time $t$, then it runs the risk of tarnishing its reputation at time $t + 1$. This decreases the likelihood that other parties will seek out the offending party in future partnerships. The second is an incumbency advantage. Incumbent parties benefit from voters’ desire not to change the status quo during times of prosperity (Martin and Stevenson 2010).

Given these predictors of coalition partnership, we can imagine three moderation scenarios. In one, parties are certain about the benefits of inclusion and do not expect partners to renege. If we accept the logic of dominant parties (Laver and Schofield 1990) and that these parties occupy the ideological center of the party system, then we should expect centrist, minimum winning coalitions. In this setting, strategic parties have an incentive to bring their ideological positions closer to the center of the particular party system. Essentially, they have an incentive to moderate. In scenario two, parties are certain about the benefits of inclusion, but some or all partners may abandon the coalition. This leads to surplus majority coalitions. In this setting, the coalition is ideologically wide. Parties may not see benefits to moderation in the coalition formation game (Carrubba and Volden 2000; Volden and Carrubba 2004). In this way, surplus majority coalitions allow ideologically extreme parties to remain true to their ideologies. In the final instance, parties are uncertain about the benefits of membership, which often results

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3 Our data suggest that the “center” of the average coalition tends slightly right.
in minority governments (Strøm 1990). The probability of partners’ loyalty to the coalition is not a consideration in this scenario. Moderation is not necessary in the case of minority government, for obvious reasons.

The literature on party moderation generally focuses on the relationship between parties and voters. Numerous scholars posit that parties change their issue positions relative to the median voter in order to win elections or in response to electoral losses (see, for example, Adams et. al. 2004; Tavits 2007; Adams, Haupt, and Stoll 2009; Somer-Topcu 2009; Adams and Somer-Topcu 2009; Ezrow et. al. 2010). This strategy is generally successful; moderate parties benefit at the polls (Ezrow 2010). We build on these theories and suggest that party moderation is a useful strategy for achieving both votes and office. Previous literature supports the proposition that parties moderate to attain office (Smirnov and Fowler 2007; Adams and Somer-Topcu 2009). Additionally, we posit that vote and office goals are closely linked. Votes are instruments for office and vice versa (Downs 1957; Aldrich 1995; Cox 1997). What is most important is that ideological moderation increases strategic parties’ chances of coalition inclusion.4

A Role for Niche Parties

The previous discussion follows the assumption that all parties weigh the three goals equally and can freely moderate their ideological positions. This assumption, however, is not completely accurate for two reasons. First, not all parties view office as a primary goal or a necessary means to pass policy. Small, ideologically compact “niche parties” are more concerned with policy than winning office or attaining large vote shares (Kitschelt 1989), and have shown an ability to set the agenda without holding executive office (see, for example, Heller 2002;

4 See Bolleyer (2008, 26-7) for a discussion of the relationship between ideological moderation and government potential for new parties.
Second, some parties are more constrained in their ability to moderate their platform than others (see, for example, Przeworski and Sprague 1986). Kitschelt (1989) also suggests that niche parties primarily focus on representing their constituents, who are often more extreme than the median voter. This linkage between party and extreme voters constrains potential moderation. We argue that the nature of both niche party goals and constraints have empirically observable implications for their behavior.

Niche parties, as defined by Meguid (2005; 2008), are parties that defy class-based politics, focus on new political cleavages (Inglehart 1997; Dalton 2002) and limit their appeal to a small set of issues. For Meguid, this set of issues is restricted to those of green, ethnoregional and far-right parties. As previously noted, niche parties often choose policy goals over those of vote and office (Adams et al. 2006; Ezrow et al. 2010). The implications of this policy focus are twofold. First, niche parties will be less willing to bargain over policy and will align themselves with ideologically similar parties (Blais and Indridason 2007). This suggests it may be more difficult for niche parties to enter into coalition government. Second, these parties will respond differently to the institutions in which they find themselves (Jensen and Spoon 2010). For example, Heller (2002) shows that ethnoregional parties are willing to trade national level authority for sub-national policy control in federal systems.

Additionally, niche parties are different from mainstream parties in their dependence on a core of ideologically extreme activists and loyalists (Kitschelt 1989). This relationship is

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5 Kitschelt’s (1989) study focuses on left-libertarian parties, such as the greens. We extend it to niche parties more generally for the purposes of this paper.

6 It is important to note that scholars have used alternate definitions of niche parties. Adams et. al. (2006) and Ezrow (2010), for example, emphasize the parties’ non-centrist positions on the left-right spectrum, and thus include communist parties in their definitions. Departing from classification by party family, Wagner (2011, 3) defines niche parties as those that “compete primarily on a small number of non-economic issues.” He also argues that niche-party status is fluid and that parties can change from niche to mainstream status and vice-versa by broadening or narrowing their issue emphasis.
important because it constrains the niche party’s ability to change its ideological platform. Moderating to the center of the party system or the median voter implies giving up the niche party label (Wagner 2011). This is no small matter. The party’s livelihood rests on its championing of non-mainstream issues and claims of ideological purity, change means losing the party’s core constituents and any hope of gaining parliamentary presence (Adams et. al. 2006; Ezrow 2008; Spoon 2009; Ezrow et. al. 2010; Wagner 2011). However, it is unclear whether or not niche parties benefit from ideological moderation in forming governments. We suggest that in certain contexts, ideological purity is a more useful strategy than moderation and that the opposite is true in other contexts.

We posit that a niche party’s decision to moderate to gain office is conditional on its need to moderate, which is a function of both pre-election and post-election opportunities for policy influence. First, as Rihoux and Rüdig (2006) suggest, before an election there are two instances in which niche parties can find success in ideological purity: co-optation and pre-election coalitions. In both scenarios, the niche party commands a certain portion of the electorate, but the party’s interaction with the mainstream party is different. In the first, the party disappears and the mainstream party subsumes its policies (Rihoux and Rüdig 2006, see also Meguid 2005,2008). Though a loose idea of “success,” this strategy does give legitimacy to the niche party’s issues.7 Alternatively, pre-election coalitions (PECs) involve deals between mainstream parties and niche parties before an election or during the campaign. As a reward for electoral support, mainstream parties agree to promote the niche party’s policy agenda. Examples of this strategy occur in both Spain and France (Heller 2002; Blais and Indridason 2007; Spoon 2007, 2011). Both co-optation

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7 Importantly, there are different definitions of success for niche or small parties and for large parties. What constitutes success may also differ among factions within one party; whereas one group may consider policy cooptation by a larger party success, another may define success more narrowly, by gaining representation in parliament for example.
and PECs allow niche parties to work within their particular constraints to balance policy and office goals without moderation.

Rihoux and Rüdig (2006) also discuss the type of post-election coalitions to which green parties belong. In Western Europe, they have been members in both surplus majority and minimum winning coalitions (Dumont and Bäck 2006). In a party system with a history of either of these types of coalitions, niche parties might have expectations about the probability that they join a coalition. By definition, minimum winning coalitions are more ideologically compact than surplus majority coalitions (Axelrod 1970). In systems with a history of surplus majority coalitions, niche parties may believe their entry probability is higher. However, where minimum winning coalitions are the norm, niche membership is less likely. In these settings, the next best option might be a pre-election coalition or co-optation. These strategies allow for ideological purity and some degree of success.

When niche parties do moderate, it is likely for lack of other options. We expect that when PECs and co-optation seem unlikely and minimum winning coalitions are the norm, niche parties have to choose between moderation and demise. In these situations, moderation is beneficial despite the niche party’s constraints. In moderating, niche parties shed their “niche” label, become more mainstream (Wagner 2011), and shift their ideology on niche issues closer to the center of the party system. Thus, the niche party shifts its primary goal from policy to office (Dumont and Bäck 2006). This strategy is particularly risky, as the party often loses the support

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8 There have been several notable exceptions to this expectation, including the SPD-Green coalition in Germany from 1998-2005.
9 Meyer and Wagner (2011) posit that niche parties shed their niche label in response to poor electoral outcomes. As we discussed earlier, our intent is not to question the importance of electoral returns on party change (Janda et. al. 1995; Somer-Topcu 2009), but to suggest that government inclusion might also play a role.
10 The German Greens and Belgian Greens are examples of niche parties that have been included in government after ideological moderation, whereas the Austrian Greens are an example of a niche party that moderated and was not included in government.
of its core constituents (Adams et al. 2006; Ezrow 2008). If moderation fails, the niche party could potentially lose electoral viability and parliamentary representation. If the possibility of policy or office influence exists without moderation, the niche party will prefer that option. For these reasons, it is important to note that niche issue moderation is the likely the exception rather than the norm; it is beneficial only as a last resort.

Who Moderates and Why?

Given what we know about party strategy and coalition formation, we propose a theory of the relationship between mainstream and niche party behavior and government membership. We assume that there are benefits to coalition membership and that if a party wants these “spoils,” it will want to be a coalition partner. As such, mainstream parties have a strategic advantage to move towards the ideological center of the party system. Because of the desire for ideologically compact coalitions (Franklin and Mackie 1983; Laver and Schofield 1990; Warwick 1996; Martin and Stevenson 2001), this movement is a signal that they are attractive coalition members. Thus, we expect that mainstream parties that prioritize votes and office, will moderate their pre-election positions to become attractive coalition members. Conversely, we expect that niche parties that emphasize the policy benefits of coalition membership over coalition membership itself will not benefit from moderation. Therefore, our two Left-Right Moderation Hypotheses are the following:

**Hypothesis 1(a):** As mainstream parties moderate their left-right positions over time, they will be more likely to join a coalition.

**Hypothesis 1(b):** As niche parties moderate their left-right positions over time, they will be less likely to join a coalition.
From the literature, we know that niche parties are somehow “different” from mainstream parties. However, it remains unclear what role niche parties’ policy and office preferences play in the government formation process, specifically. While incentives for government inclusion exist for niche parties, they may be unable to moderate their issue positions for the purposes of coalition membership because of constituent preferences (Kitschelt 1989). They often take different routes in pushing their policy agenda (Rihoux and Rüdig 2006). When these paths exist, the incentive for moderation diminishes. As such, we suggest that niche parties benefit from moderation on niche issues, which leads to our two *Niche Issue Moderation Hypotheses*:

**Hypothesis 2(a):** As the distance between the niche party and the mean of the party system on niche issues increases, the probability of coalition membership will decrease.

**Hypothesis 2(b):** As the distance between the niche party and the prime minister’s position on niche issues increases, the probability of coalition membership will decrease.

Finally, we suggest that niche party behavior may be contingent on party leaders’ knowledge of previous institutions. Specifically, minimum winning coalitions can serve as a deterrent to ideological purity while surplus majority coalitions can encourage it. Our *Institutional Context Hypothesis* is as follows:

**Hypothesis 3:** Previous coalition type conditions the effect of niche party moderation on the probability of coalition membership.

In the following section, we discuss how we evaluate these propositions empirically.

**Data and Methods**

To test our theories of party moderation, we examine party positions for 19 West
European countries from 1980-2010. Our unit of analysis is the individual party in a given parliamentary election. We use all parties included in the Comparative Manifestos Project (CMP) dataset (Budge et al. 2001; Klingemann et al 2006) for these countries during this time period, which is 223 individual parties, for a total of 1035 parties. Of these, 349 were in government. We utilize Meguid’s (2005, 2008) definition of niche party to identify these parties in the dataset. There are 228 niche parties, of which 84 are green parties, 44 are far right parties, and 100 are regional parties. Of these, 34 were in a governing coalition.

Our dependent variable is whether or not the party was a part of the governing coalition. We only consider those coalitions formed at the time of the election and not those that resulted from cabinet re-shuffles. There are thus 153 coalitions in our dataset. The average per country is eight with a minimum of two in Cyprus and Malta and a maximum of 11 in Denmark and Portugal. We collected data on coalition inclusion from Döring and Manow (2011) and Bergman et al (2008).

Our key independent variables focus on the ideological distance between the party and both the party system and party of the prime minister. To measure the parties policy positions, we use the CMP dataset. The CMP codes quasi-sentences of manifestos into a set of policy categories. For some issues, there are both negative and positive categories, such as multiculturalism, while for others, there is only a positive (or negative) category, such as environmental protection (positive). An overall left-right position is calculated for each party based on these quasi-sentences. The hypothetical minimum and maximum left-right (or RILE) scores, are -100 (farthest left) and 100 (farthest right), respectively. In our dataset, the mean

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11 The countries included in our analysis are Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom.
RILE score is -3.81, with a minimum score of -74.3 (Kommunistesch Partei Lëtzebuerg, in 1979) and a maximum score of 64.71 (Austrian Liberales Forum in 1995).

We calculated our moderation measure based on the parties’ left-right positions. To measure the distance between the party and the mean of the party system on the right-left dimension, we first calculated the mean of the system (including the focal party). Then, we computed the absolute distance to the mean of the party system for each party. Finally, we compared the distance to the mean at time $t$ and time $t-1$. If the distance to the mean decreased, then the party moderated; however, if the distance increased, it did not. This relationship is represented by the following:

(1) if $D_t > D_{t-1}$, party did not moderate;
(2) if $D_t < D_{t-1}$, party moderated

where $D_t$ is the distance between the party and the mean of the system at $t$ and $D_{t-1}$ is the distance between the party and the mean of the system at $t-1$

For example, the distance between the Finnish Vihreä Liitto and the party system on the right-left dimension was 18.51 in 2003 and 1.37 in 2007. Thus, the distance between the party and the party system decreased by 17.14, demonstrating that the party had moderated between 2003 and 2007.

To examine the ideological difference between the niche party and the prime minister’s party and the mean of the party system on niche issues, we created three indices of niche issues—one for each niche party type defined by Meguid (2005, 2008). We looked at the difference between a green party and the party system on green issues and did the same for right
and regional parties. We also include the squared difference, as we expect the relationship to be curvilinear—as distance increases, the probability of joining a government decreases; however, under certain institutional settings, such as where there is a history of oversized coalitions, being further away from the mean of the party system or the prime minister’s party may increase the probability of joining a coalition. The issues included in each category reflect what we know of niche parties’ issue priorities—the environment and grassroots democracy for green parties (Bomberg 1998; Shull 1999; Burchell 2002), decentralization and pro-European integration for regional parties (De Winter 1998; Heller 2002; Jolly 2007), and nationalism and law and order for far right parties (Ignazi 1992; Kitschelt 1995). See the Appendix for the CMP issue dimensions included in each category.

Finally, we also include two control variables. First, we control for a party’s size using its vote share. Second, we control for whether the party was part of the incumbent government. The expectation with both variables is that size and experience will increase the probability of coalition inclusion (Franklin and Mackie 1983; Warwick 1996; Martin and Stevenson 2001). See the Appendix for the descriptive statistics of all of the variables included in the analysis.

To determine the probability of joining a coalition, we estimate a logistic regression. Although parties are nested in country contexts, we do not use a multi-level model (Steenbergen and Jones 2002) as there are not a sufficient number of clusters for a multi-level analysis. Typically, a minimum of 30 upper-level units are required and we only have 20 (see Maas and Hox 2004 for further discussion). Instead, we cluster the standard errors by country as observations in a given country are not independent. As we consider Belgium’s two regions of

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12 Although some of the issues that the greens and regional parties prioritize overlap, such as decentralization and Europeanization (Bomberg 1998; Bomberg and Carter 2006), for empirical reasons, we could not have the same issue dimension in more than category, as it would be counted twice. Thus, we chose to assign decentralization to regional parties and an emphasis on grassroots democracy to green parties, for example, as these capture the essence of the issue that is most important to the party.
Flanders and Wallonia to have two separate party systems, we have 20 country contexts. We chose this method of analysis instead of a conditional logit model, which was first used by Martin and Stevenson (2001) or a mixed-logit model with random coefficients (Glasgow et al 2011.) In these models of government formation, the unit of analysis is all potential coalitions. As we are not interested in the coalition formation process itself, but rather the strategy that parties pursue and how this affects the likelihood of joining the government, we believe a simple logit model is sufficient. We discuss the results in the following section.

**Results**

Overall, our results confirm our expectations that niche parties’ goals and constraints regarding policy and office preferences affect the governing coalitions they join. In H1a, we argued that when mainstream parties moderate their left-right positions, they are more likely to join a coalition. Table 1 shows that our results confirm this expectation. With all other variables held at their means, when the distance between the party and the mean of the party system for mainstream parties is at its minimum (-46.2), the probability of coalition membership is 46.5%. This decreases to 33.7% when distance is at its mean (-0.63), and to 22.5% when distance is at its maximum (47.4). On the other hand, our results are not significant for H1b. Niche party moderation on left-right issues, in fact, has no effect on the probability of coalition membership—it does not decrease the probability of coalition partnership. Overall, these findings corroborate extant findings on moderation (Adams et al 2006; Adams and Somer-Topcu 2009; Ezrow et al 2011). They also highlight several important characteristics of niche parties—

13 In a conditional logit model, the number of potential coalitions is \(2^p-1\), where \(p\) is the number of legislative parties (Martin and Stevenson 2001, FN 6). Thus, in Germany in 1998, there were five legislative parties and therefore 31 potential coalitions.
namely, that they are primarily driven by policy and that they chose to compete outside of the left-right policy space (Meguid 2005, 2008).

We also find support for our control variables. As a party’s size increases, so does its probability of coalition inclusion. An incumbent party is also more likely to be included in the next coalition. These findings confirm the expectations in the literature (see, for example, Franklin and Mackie 1983; Warwick 1996; Martin and Stevenson 2001).

[INSERT TABLE 1 ABOUT HERE]

But, what happens when we look at the effect of ideological moderation on niche issues for niche parties? In hypotheses 2a and 2b, we posit that as the distance between the niche party and the mean of the party system and the niche party and the PM’s position increases, the probability of coalition membership will decrease. The coefficient on the base terms in the two models in Table 2 supports these expectations. This demonstrates that moderation on niche issues does in fact help the niche party in its coalition prospects. This relationship is depicted graphically in the two plots in Figure 1. As the distance between the party and the party system increases from 0.1 to 15, the probability of coalition membership decreases by over 25%! Thus, the Belgian French green party, ECOLO, had a much higher probability of coalition membership in 1999 when the distance between it and the mean of the party system on green issues was 9.03 compared to 2003, when the distance on green issues was 21.02. The party was

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14 This result contrasts those of other recent studies which have focused on issue positions and electoral outcomes. Adams et al (2006) and Andrews and Money (n.d), for example, find niche or ‘challenger’ parties have more electoral success when they do not moderate. Meguid (2005, 2008), moreover, finds that when mainstream parties adopt ‘adversarial’ positions to niche parties on the environment and immigration, niche parties benefit electorally.
included in the 1999 governing coalition. Similarly, the distance between its Flemish counterpart, AGALEV, which was also included in the 1999 coalition, and the party system also increased during this period.\footnote{It is important to note that ECOLO was not needed mathematically to balance the French and Flemish sides of the coalition in 1999, but since Belgian federal coalitions are typically symmetrical and include parties from the same family on both sides of the linguistic divide, ECOLO was included in the coalition. In addition to moving further away from the party system ideologically between 1999-2003, ECOLO’s negotiating team had resigned and the political context had changed (Delwit and van Haute 2008, 107-9). In sum, there are additional context specific variables at work in determining the government participation of niche parties that should be examined in detail in future research, as we discuss below.}

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\caption{Table 2}
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\caption{Figure 1}
\end{figure}

Although the relationship between both the niche party and the party system and the PM’s party is not significant at the middles distance values, we see slight significance again at the largest distances.\footnote{This finding supports Adams et al’s (2006) and Ezrow’s (2008, 2010) conclusion that niche parties with more distinctive, less moderate, issue positions tend to gain votes.} The party at the end of the distribution is the Italian *Federazione dei Verdi* in 1996, which had a distance value of 44.96 and 48.54 between it and the mean of the party system and the PM’s party, respectively. Although this left-wing governing coalition was a minority coalition headed by Romano Prodi, Italy has a history of surplus majority coalitions (SMCs), including the previous coalition. Since 1980, 63% of Italy’s governments have been oversized coalitions (Döring and Manow 2011). In our dataset, we find that the niche parties that are included in coalitions that are ideologically further away from the party system or the PM’s party, the majority are either part of oversized coalitions or in coalition in a country where there is a history of these coalitions. Of the 34 niche parties included in a governing coalition in
our dataset, the average distance from the mean of the party system is 7.20 with a standard
deviation of about 10. There are five parties that were in government where this distance was at
least one standard deviation above the mean. Three of these were surplus coalitions (Finland).
The fourth case is the French *Verts* in 1997 which were part of a MWC. They were invited to be
part of the government by Socialist PM Lionel Jospin as a ‘thank you’ for working with the
Socialists in pre-election coalitions. By not running against the Socialists in many key
legislative districts, the Greens and other smaller parties of the left enabled the Socialists to win
the majority. The fifth case was discussed above. In four out of five of these examples, the
previous coalition was also an SMC. Furthermore, of the remaining 29 niche parties, 21 were
part of oversized coalitions even though they were much closer ideologically to both the party
system and the PM’s party. Thus, we have suggestive evidence in support of H3, that niche
party moderation is conditioned by coalition type.

Overall, our results follow Spoon’s (2011) policy balancing thesis. She shows that a
green party’s vote share is related to the ideological distinction between it and the major left-
wing party in the system. She finds that there is an optimal level of distinction in each party
system that will maximize the greens’ vote share. Our findings demonstrate that too much
distinction on niche issues will decrease coalition participation; however, depending on the type
of coalition, more differentiation may also lead to government membership.

While there are far too few cases to make a conclusive statement about the correlation
between institutional type and niche party ideological distinction, these results do offer
suggestive evidence that the strategy of policy moderation may be conditioned by the type of
coalition. Importantly, taking part in SMCs may in fact demonstrate a specific niche party
strategy—in which the party is able to remain distinct, but still take part in government and gain
credibility as a governing party. Jungar (2002) offers this as an explanation of the inclusion of small parties, such as the Greens and Swedish People’s Party, in the 1995 Finnish ‘rainbow’ SMC. Further examples of niche party government participation are needed to test this proposition.

**Moving Beyond Moderation**

It is important, however, to note that there are many factors that may influence a niche party’s decision to join a government beyond ideological proximity and history of coalition type. The parties’ underlying desire to balance both policy and office has often kept them out of government. In 2002, the Swedish Green Party, *Miljöpartiet de Gröna*, for example, moderated its positions on green issues, but was not invited to join the government lead by the Social Democrats. Widfeldt (2003, 1097) explains that the Social Democrats wanted to continue its single government, even if the party did not have a mandate. The Greens sought cabinet positions to continue supporting the party in government, though they were denied. In a subsequent no-confidence vote, the Greens agreed to abstain rather than vote against the government. In exchange, they won several policy concessions, including a unilateral ban on Swedish cod fishing. Furthermore, although not part of the governing coalition, the Swedish Greens can have significant influence on legislation through the strong committee system (Döring 2001, 151).

For many regional parties, sub-national politics are of equal, if not greater importance, and thus may keep them out of national governments. In federal systems, a regional party may opt to stay out of national coalitions and focus on the sub-national level. The party may offer its support of a government’s policies in exchange for policy concessions in its region. Heller
(2002), for example, shows how regional parties’ support was crucial for the survival of minority governments in Spain from 1993-2000. Given Spain’s history of single-party governments, there was little chance for these regional parties, such as the Catalan Convergència i Unió (Convergence and Union, CiU) to be invited to join the coalition no matter how much they moderated. Thus, they offered their support of the government in exchange for increased devolved authority in their regions.

The choice to focus on sub-national politics was also taken by Bart De Wever, the leader of the Belgian Nieuw-Vlaamse Alliantie (New Flemish Alliance, N-VA), in the 2011 government negotiations. Although the party won the most seats in the 2010 parliamentary election, it opted to stay out of government as the policies of the parties in the coalition head by the Socialists did not go far enough on the re-organization of the federal state apparatus. The party chose to remain a critic of the government from the outside and focus on sub-national politics in Flanders (Termote 2011). Future research on niche party government participation should thus also take into account factors such as strength of the committee system, federalism, and pre-electoral agreements between parties and how these interact with the niche parties’ policy- and office-seeking preferences.

Conclusion

Taken together our findings show that both mainstream and niche parties are strategic actors when it comes to moderating their policy positions to increase their governing potential. Similar to the literature on policy moderation and vote share (Adams, et al 2006; Ezrow 2008, 2010; Adams and Somer-Topcu 2009), we find that mainstream parties that moderate their left-

17 We thank Kris Deschouwer for his insight into why the N-VA did not join the governing coalition.
right positions are more likely to join coalitions. Conversely, niche party moderation on the left-right spectrum has no direct effect on the probability of government participation. Contrasting the extant literature (see, especially, Adams, et al 2006; Meguid 2005, 2008; Ezrow 2008, 2010;) however, we find that niche party moderation on niche issues does make the parties more attractive coalition partners. This is further evidence that niche parties’ behavior reflects a desire to balance the dual goals of policy differentiation and attaining office (Spoon 2011).
REFERENCES


### Table 1. Effect of Moderation on Coalition Membership

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*p<0.01, **p<0.05, *p<0.1

### Table 2. Effect of Niche Party Moderation on Coalition Membership

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*p<0.01, **p<0.05, *p<0.1  Note: For Model 2, the number of possible clusters is one less than for Model 1, as we consider Belgium as one party system for this analysis. The number of clusters drops to 17 in the
first model and to 16 in the second because there are no niche parties in the dataset in Greece, Malta, or Norway.

Figure 1. Distance to Niche Party on Niche Issues
Note. The first plot is estimated from Model 2 and the second from Model 3. The upper and lower lines represent the 90% confidence intervals.

APPENDIX

Table 1. Descriptive Statistics

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Table 2. CMP Issues Included in Niche Categories

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