

## Two Cheers for MMP: A Twenty-Year Review

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### ABSTRACT:

In September this year the *New Zealand Listener* (2016) editorialised: ‘Three Cheers for MMP’. The editorial writer declared that ‘with Donald Trump in striking distance of the US Presidency, this is no time for New Zealand to be smug’. Yet despite this denial, the editorial was smug, describing MMP as providing ‘a precious safety valve of proportionality’. In 2016, we mark the twentieth anniversary of the first MMP election. After seven elections, a review of the experience is in order: what has changed? Offshore analysts have declared that there is only limited evidence that MMP has lived up to the expectations and the arguments that were made by its advocates. The party system remains centred around the same two major parties that were dominant before reform, but we have avoided single-party majority governments. Descriptive representation has improved, but is not perfect. People seem more satisfied with democracy, but are they really? With only temporary interruptions, turnout has continued to decline. This paper reviews the evidence. MMP has made a difference, but our experience so far gives us only limited grounds for self-satisfaction.

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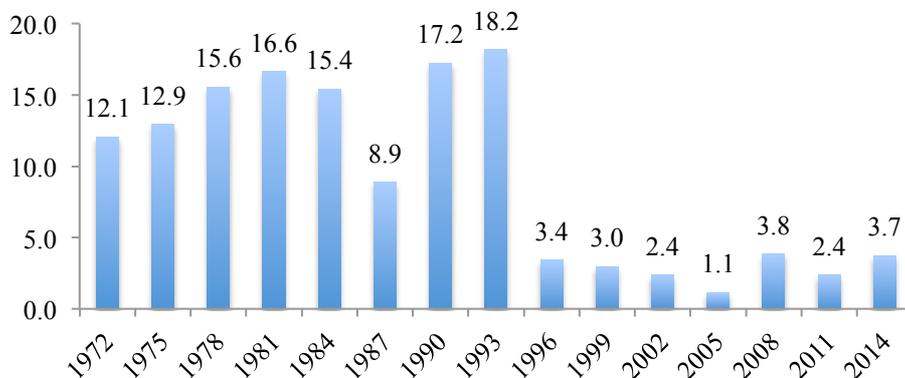
## Two Cheers for MMP: A Twenty-Year Review

In September this year the *New Zealand Listener* (2016) editorialised: ‘Three Cheers for MMP’. The editorial writer declared that ‘with Donald Trump in striking distance of the US Presidency, this is no time for New Zealand to be smug’. Yet despite this denial, the editorial was smug, describing MMP as providing ‘a precious safety valve of proportionality’. In 2016, we mark the twentieth anniversary of the first MMP election. After seven elections, a review of the experience is in order: what has changed?

In their book on *The Limits of Electoral Reform* Bowler and Donovan (2013, 78) conclude that in ‘... the case of New Zealand, there is only limited evidence that the ‘new’ electoral system lives up to expectations and arguments made by pro-reform advocates.’ This judgment sits uncomfortably with the result of New Zealand’s 2011 electoral reform referendum in which 58 per cent voted to retain the Mixed Member Proportional (MMP) electoral system. It also fails to acknowledge widespread opinion within New Zealand about the relative success of the MMP system. Critics are minority voices, made up of a few retired politicians and a small group associated with the corporate business sector, still strongly wedded to the principles and proposals of the neo-liberal right. By contrast, mainstream politicians including many former opponents now accept and indeed support the system, acknowledging its advantages.

Of course, Bowler and Donovan are only tackling part of the story: the claims of advocates. A key expectation of opponents of MMP is also relevant. Most important, the weights of various expectations also need to be compared: some are more important than others. One needs to distinguish between expectations that were generated by campaigners, those that mattered among the mass public, and those that matter only to political scientists.<sup>1</sup> In this paper, I review various aspects of New Zealand politics since 1996, discussing proportionality and its limits; changes in the party system; the absence of single-party majority governments; descriptive representation; party identifications and voter volatility; political efficacy; satisfaction with democracy, and electoral turnout.

Figure 1: Disproportionality of Votes to Seats in New Zealand Elections 1972-2014



Disproportionality is estimated by Gallagher’s Least Squares Index (Gallagher 2015).

We can begin with the obvious: MMP brought the proportions of votes and seats into much closer proximity than under the old first past the post or single member plurality system (SMP), as Figure 1 clearly shows. Disproportionality shrank even further up to 2005, although in the three most recent elections it moved upward again. A residue of disproportionality was to be expected given the adoption of thresholds for representation. There are also anomalies associated with the thresholds that have been widely acknowledged and discussed. A party winning an electorate seat or seats that fails to reach the 5 per cent party vote threshold can add a ‘coat tail’ of further list MPs proportionate to its party vote. A party winning a similar or greater party vote share under the five per cent barrier, but not winning an electorate seat, fails to get any seats. A party can also win more electorate seats than allocated under the party vote count, creating ‘overhang’.

Table 1 displays the relationships between votes and seats for the parties under 5 per cent of the party vote that either gained an electorate seat or scored a party vote that would have given it two or more seats in the absence of any party vote threshold. In all, between 1996 and 2014 there were 89 party ‘runs’ that received less than 5 per cent of the party vote. Comparing votes and seats across this whole group, there is a high correlation: this is because almost all the very small parties with very small votes got no seats, as one would expect.

Table 1 Parties Under the Party Vote Threshold, 1996-2014.

	1996	1999	2002	2005	2008	2011	2014
Christian/Conservative Act	<b>4.3 (0)</b>	2.4 (0)	1.35 (0)			2.7 (0)	<b>3.9 (0)</b>
United Future	0.9 (1)	0.5 (1)		1.5 (2)	3.7 (4)	1.1 (1)	0.7 (1)
Progressive Coalition			1.7 (2)	1.2 (1)			
NZ First		4.3 (5)			<b>4.1 (0)</b>		
Maori				2.1 (4)	2.4 (5)	1.4 (3)	1.3 (2)
Mana/Internet-Mana						1.1 (1)	1.4 (0)
Alliance			1.27 (0)				
Outdoor Recreation			1.28 (0)				
ALCP	1.66 (0)						

A small number of cases illustrate an acute anomaly: parties on about 4 per cent of the party vote with no electorate seat fail to get any seats (the Christian Coalition 1996, New Zealand First 2008, the Conservative Party 2014, in bold in the Table). Shown in italics, other parties with a party vote below 4 per cent can get up to five seats (the best example being the Maori Party in 2008, in that case the result of an overhang).

The Electoral Commission review of the MMP system followed expert advice, including that of two of the members of the Royal Commission that recommended MMP in 1986 (Mulgan 1999; Wallace 2002). It proposed a reduction of the party vote threshold to 4 per cent and the abolition of ‘coat tailing’. This would reduce the worst anomalies but would still have kept the Conservative Party out of Parliament in 2014, because it only gained 3.97 per cent of the party vote. The shaded cells in Table 1 indicate where coat tails have applied. The Electoral Commission’s proposal would not have prevented anomalies due to overhang, other than by the size of Parliament

remaining within the list seat total instead of increasing the number of list seats slightly in proportion to the overhang. Of course the current increase in list seats to compensate for overhang does so only partially. In Germany, the Constitutional Court now obliges the number of list seats to increase even more to compensate for overhangs and restore overall proportionality. Such a provision can generate significant temporary increases in the number of list MPs.

Arguments have been made that the party vote threshold could be reduced to 3 per cent. That would have allowed the Conservative Party to enter Parliament in 2014, and would have retained ACT's 4 MPs in 2008 in the absence of coat tailing. Some go further to advocate the complete abolition of the party vote threshold. If the party vote threshold is currently crossed as a result of an electorate win, a single seat can be allocated under the formula with as little as 0.5 per cent of the party vote (for example, as applied to the United Party in 1999, thus acknowledging its single electorate seat without creating overhang). In that scenario, in previous elections under MMP the following parties could have gained a seat or seats: Aotearoa Legalise Cannabis (1996, 1999, 2002, 2011); Outdoor Recreation (2002), Destiny (2005), Future New Zealand (1999); the Kiwi Party (2008); the Bill and Ben Party (2008); the Alliance (2002) and Internet-Mana (2014).

In its 1986 Report, the Royal Commission on the Electoral System recommended a 4 per cent threshold: tinkering with the details, and looking to the German example, those drafting the 1993 Electoral Act raised it to 5 per cent. The argument for a threshold is the prevention of excessive fragmentation in party representation in Parliament. Very small parties can make government formation difficult because they can occupy positions of considerable power. Anyone doubting the risks involved should investigate recent experiences in Australia, in which the pivotal positions of individual members and small parties have greatly increased the difficulties of government formation, and indeed the process of governing itself.

Such fears lay behind opposition to New Zealand's adoption of the MMP system. A significant threshold reduces such risks, although cannot rule them out. The electorate seat threshold has produced more party fragmentation and higher proportionality than many expected. But because most small party electorate wins have been underpinned by large party cooperation or some would say, connivance, the small parties benefitting have been sources of stability rather than instability. Without an electorate threshold, the removal of coat tailing pay-off potential would reduce the value of very small party allies to the larger parties: if such small parties were to disappear, their absence might not be greatly missed, even by the large party that currently encourages them. Had the National party won the Epsom and Ohariu electorates in 2014 instead of ACT and United Future, it would have probably been able to form a single-party majority government (Farrar 2014).

The argument for MMP was not to encourage the greater fragmentation of the party system as defined by votes cast: that is, most reformers did not anticipate or even hope that a significant number of new parties would emerge. The objective was to bring about fairer representation for the existing parties that were already challenging two-party dominance: to bring the allocation of seats into line with the existing choices of voters. Table 2 presents a simple interpretative model of the New Zealand party system pre- and post-MMP. It rests on a hypothesis that since the early 1970s

the party system has been realigning, for which there is some evidence (Vowles 1997). We can trace the beginnings of dealignment of the traditional two-party system in 1954: but one also should note that despite its canonical status in terms of votes cast the two-party system was a very temporary phenomenon in New Zealand, as illustrated by Figure 2. Pure two-party electoral politics applied for only three out of four elections between 1938 and 1951.

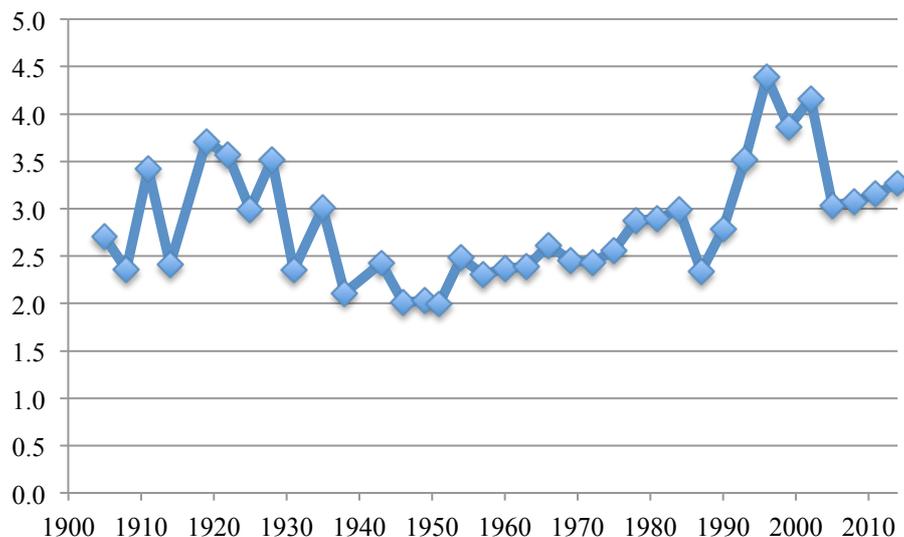
From the beginning of party politics in the 1890s, the centre-ground in New Zealand politics has tended to be populist, based in an egalitarian but socially conservative liberalism best embodied by Richard Seddon, Liberal Prime Minister from 1893 to 2006. That tradition was wrenched apart in the 1920s and 1930s under the pressure of class politics, but continued to survive on the margins. Social Credit redefined the tradition, and moved it from the provinces to the suburbs in the late 1970s. National Prime Minister Rob Muldoon also drew heavily on the tradition: it has been inherited by Winston Peters and New Zealand First.

Table 2: Viable and Marginal Parties in New Zealand, Pre- and Post-MMP (1972-2014)

Viable Parties			
Green Left	Centre-Left	Populist Centre	Centre-Right
Values (1972-89)	Labour (1916-)	Social Credit (1954- New Zealand Party (1984)	National (1936-
Green (1989-		New Zealand First (1992-	
Marginal Parties			
Pre-MMP		Post-MMP	
Christian Conservative	Maori Self- Determination	Centre Pivot	Neo-Liberal Right
Christian Heritage	Mana Motuhake	United	ACT
Christian Coalition	Mana Maori Maori Party	United Future	
Conservative Party	Mana	Liberal/United (1891- 1936)	Democrat (1934-36)

The realignment began in the 1970s with the appearance of the Values Party, the forerunner of the Greens. Green parties are underpinned by the expansion of higher education and the professional middle class, creating the opportunity for a left-wing politics of middle class radicalism no longer rooted in its source for most of the twentieth century, the manual working class. The Values Party suffered most from the restrictions of the SMP system, with result that many of its potential supporters took up with Labour. Labour realigned itself accordingly, but in so doing weakened its support in the traditional working class, a part of the social structure in decline because of a changing labour market. As in other countries, populism in the form of New Zealand First now chips away at the Labour vote, particularly among socially conservative people with lower education. The *New Zealand Listener* considers MMP a ‘safety-valve’ in this context.

Figure 2: The Effective Number of Elective Parties in New Zealand, 1905-2014



Sources of change are always present in the margins of a democratic party system: they may remain in the margins, or move closer to the mainstream as conditions permit and strategies become successful. Christian Conservatives have sought to find a place since the 1980s but failed to make headway under the SMP system. As Table 1 shows, under MMP they have been consistently unable to cross the 5 per cent threshold. A 4 per cent threshold could help to put Christian conservative party into Parliament. A minority of Māori have long been seeking independent representation, and that objective was fulfilled by the Māori Party in 2005. But Māori politics is deeply divided, between those who continue to vote for Labour, the Green Party, New Zealand First, and even National, as well as between those who vote for the contending independent Māori parties.

The Green Left, Centre-Left, Populist Centre, and Centre-Right party slots I define as ‘viable’. The Christian Conservative and Māori slots are more marginal, but share with the more mainstream parties roots in social structure and a distinct identity, and, most of all, a footing in the party system that predates the shift to MMP. The United Future and ACT parties are in a different category. Both emerged as a result of MMP, and were designed by members of elites to establish a pivotal or significant position in the party system. Most involved were not supporters of MMP. As things stand, it is apparent that both projects have failed.

The United Party emerged after the 1996 election as a parliamentary party made up of MPs with diminished career prospects, departing from both National and Labour to form a centre party that they expected to hold a pivotal position. United only won one electorate seat in 1996, that of former Labour MP Peter Dunne, and only with the help of the National Party: National did not run a candidate against Dunne in 1996, or in 1999. In 2002 National began to run candidates in Dunne’s electorate, but National party voters remain primarily responsible for Dunne’s winning electorate votes. United has had great difficulty in maintaining a stable identity, opening itself to supporters of an Ethnic Minority Party and at one time seeking an arrangement with the Outdoor Recreation Party. In 2002 and 2005 under a modified name of United

Future it had greater success by incorporating some Christian conservatives, but this blurred its centre-liberal identity. From 2008 onwards Dunne has been alone again in the House and increasingly reliant on National Party voters to keep his electorate seat. Indeed for a few months in 2013 the United Future party lost its official registered status because it failed to provide evidence of having the minimum requirement of 500 members (Trevett 2013).

The Association of Consumers and Taxpayers (ACT) was formed in 1994 by former MPs and members of both the National and Labour parties, but its inspiration came from Roger Douglas, Labour Minister of Finance from 1984 to 1988. It became a political party in 1995. Douglas was followed by several of his key allies within Labour in the 1980s. Douglas had led the process of market liberalization in New Zealand that formed the backdrop to electoral system change. ACT stands for a rigorous form of neo-liberalism, but has attracted very few votes from 2005 onwards. Members of ACT have much in common with the right of the National Party, so much so at one of its leaders, John Banks, has served as an MP for both parties. Another, Don Brash, was National party leader between 2003 and 2006 and became leader of ACT in 2011. From election to election, the ACT and National party votes are strongly negatively correlated: as National goes up, ACT goes down, and vice versa. When ACT is most successful, it draws mainly on the ideological core of the National Party vote. Failing to find a strong core of support for neo-liberalism outside of the National Party, ACT also sought to draw on voters in the populist centre and among Christian conservatives by adopting socially conservative policies on law and order and other moral issues. In 2011 and 2014 it retained its one electorate seat only with the tacit support of the National Party. Its weakness is obvious from its strong differences with many aspects of government social and economic policy and failure to shift the government away from the political centre except for some limited and token concessions. Thus both post-MMP marginal parties only continue to survive because of their relationships with the National Party, and at the 2011 and 2014 elections received party votes around one per cent or less. Elite strategies to carve out a liberal centre and a neo-liberal right have been unsuccessful.

Of course, those campaigning for MMP did not necessarily want a more diverse party system in terms of people's vote choices. A key objective was a more diverse Parliament to reflect people's choices and identities, whatever they might be. An even more important objective was to prevent single-party majority governments from riding roughshod over public preferences. One cannot over-estimate the importance of this latter objective. Its significance is backed up by the continued strong support among New Zealanders for the ideals and practice of coalition government, associated with beliefs that coalition governments are better at keeping their promises, and being responsive to the electorate (Vowles 2011).

The popular understanding of coalition is not the technical definition. By coalition, popular discourse in New Zealand understands it to mean that a single party cannot rule without the support and agreement of others: this objective has been achieved, but not by way of formal coalitions, but instead by minority single party governments with agreements with other parties that fall short of coalition in a technical sense. It is a form of government with which the elites of all significant parties are now comfortable, and there is comparative evidence that such arrangements work better for public perceptions of accountability (Vowles 2010b). The key element is the use

of confidence and supply agreements, with Ministers from party allies kept outside Cabinet, a pattern that clicked under Labour in 2005 and was adopted by the Key governments after 2008. Both major parties have found formal coalition arrangements with secondary party Ministers in Cabinet too fractious. The accommodation of the leaderships of both major parties to MMP largely rests on their successful learning about how best to make the system work by this means.

Table 3: Types of Government and Support Arrangements, 1996-2014

Year	Type of Government 1	Core Party	In Cabinet	Confidence and Supply in Ministry	Confidence and Supply only	Type of Government 2
1996	Coalition	National	NZ First			Majority
1998	Coalition	National	Government Independents			Majority
1999	Coalition	Labour	Alliance		Green	Minority
2002	Coalition	Labour	Progressive Coalition		United, Green	Minority
2005	Coalition	Labour	Progressive Coalition	United NZ First	Green*	Minority
2008	Single-party Cabinet	National		United, ACT, Maori		Minority
2011	Single-party Cabinet	National		United, ACT, Maori		Minority
2014	Single-party Cabinet	National		United, ACT, Maori		Minority

\*Cooperation agreement to abstain only

Descriptive representation is another topic well understood in the literature on MMP in New Zealand. Women made a significance advance at the first MMP election in 1996 but their representation remains ‘stuck’ at about 30 per cent of Parliament (Curtin 2012; 2014). Māori representation has done increasingly well under MMP: for many Māori, MMP means more Māori in Parliament. Not do there appear to be complaints about Gay and even transgender representation: at least not from those in favour of it. Pasifika peoples lagged initially but are now reasonably well-represented. Asian representation lags, but this is understandable given the recent expansion of the Asian population: political representation requires time for the establishment of networks and relationships and recruitment into political parties.

While the Māori population is, if anything, somewhat over-represented in Parliament, there is concern that many MPs who identify as Māori do not define themselves strongly as such, do not have strong tribal and marae links, may not speak *te reo* and regard themselves as representing a wider constituency. For this reason the seven Māori seats remain essential as the political embodiment of core Māori culture, values and aspirations that must be protected because of New Zealand’s responsibilities under the Treaty of Waitangi. As for women, it was reasonable to expect an increase in the number of woman MPs as a result of MMP but only within the somewhat smaller block of list seats. There is consistent comparative evidence that closed list systems enhance women’s representation. That said, closed lists are an enabler, not a

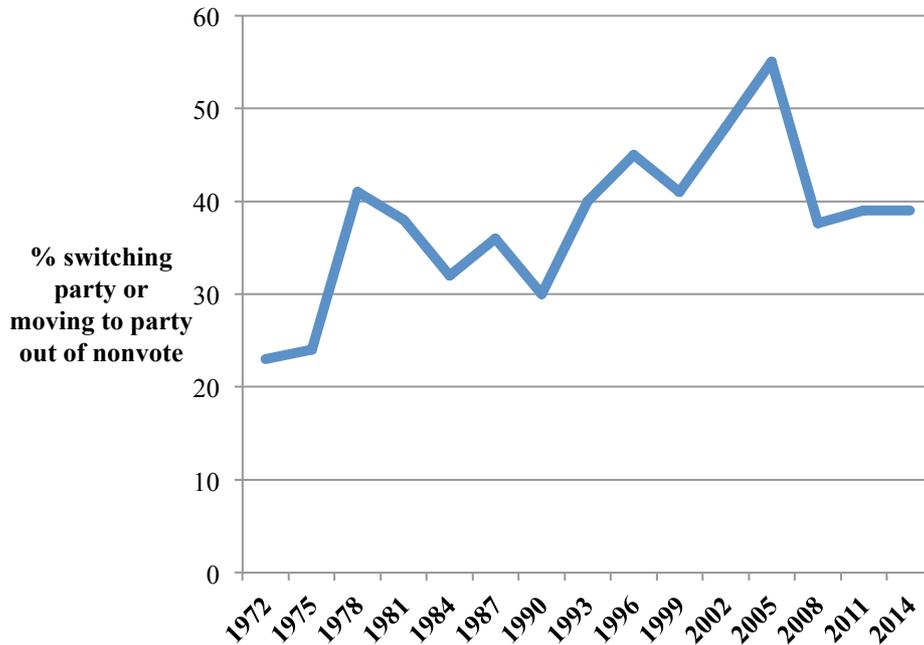
guarantee: parties continue to select candidates under their own rules and with their own objectives. MMP is unlikely to deliver higher numbers of women MPs without further effort, such as a quota system. But there is little public support for gender quotas and therefore no political mileage to be gained from them. This may be because despite their minority status in the House, woman MPs tend to punch above their weight. Most New Zealanders do not see a deficit in women's representation: Judith Collins, Paula Bennett, Annette King, Jacinda Ardern, and Metiria Turei regularly effectively feature in political debate.

The absence so far of single-party majority governments under MMP and a significant increase in descriptive representation are the two differences between the new and old electoral systems most widely known and most widely valued among New Zealanders. They were by far the most important expectations of those campaigning for MMP, and of those who voted for the system. Bowler and Donovan (2013) concede on both these indicators: they just do not give them due weight. Instead they focus on three factors that are of more interest to political scientists: levels of party identification, political efficacy, and satisfaction with democracy. They acknowledge improvements in political efficacy, but claim they are small and hard to separate out from economic trends that correlate with trust and satisfaction.

The idea that party identifications might increase under MMP is not one found in the popular discourse. There is a small academic literature that makes two arguments: the first, that a larger number of parties spread more widely across the dimensions of party competition increases the options for identification (Banducci and Karp 2009)<sup>2</sup>, and that where systems are more highly ideologically polarized identifications may be stronger (Bowler, Lanoue, and Savoie 1994). But there are reasons to doubt the first conjecture: an increased number of viable parties increases the potential for party switching between ideologically proximate parties: 'within bloc volatility', as conceptualised by Bartolini and Mair (1989).

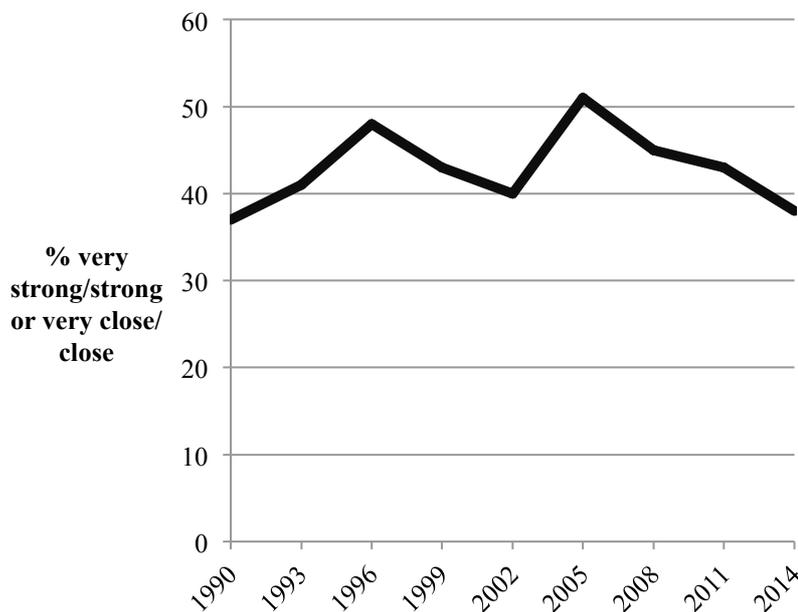
Volatility within left or right blocs not to mention between them may reduce propensities to adopt a specific party identification. Between 1984 and 2002 net shifts between party votes indicate that New Zealand voters were highly volatile (Vowles 2014, 34). Volatility fell back from 2005 onwards, and in 2014 net shifts of votes were the lowest at any election since 1963. Volatility is an important factor, because vote and identity tend to 'travel together' in New Zealand elections (Aimer 1989). Party identification in New Zealand is not the stable affective orientation theorized by most American political scientists: at best, only a small core of New Zealand identifiers are likely to conform to that model. Estimates of individual-level movements are better than net estimates from official data, and can be derived at various levels of confidence from survey data and polling booth-based ecological inference. They also show increasing volatility over the post 1970s realignment period, peaking at the first four MMP elections.

Figure 3 Estimated Vote Volatility at the Individual-Level in New Zealand Elections, 1972-2014



SOURCE: NZES 1990-2014; Leithner estimates.

Figure 4. Strong or Close Party Identifications in New Zealand, 1990-2005



Given this evidence, one should not necessarily expect higher levels of party identification under MMP. A time series of party identification in New Zealand is hard to construct due to changes in the question asked. Where both questions have been asked together, one finds the difference mainly lies in those who acknowledge a 'not very strong' or 'not very close' connection. Focusing on those who indicate a

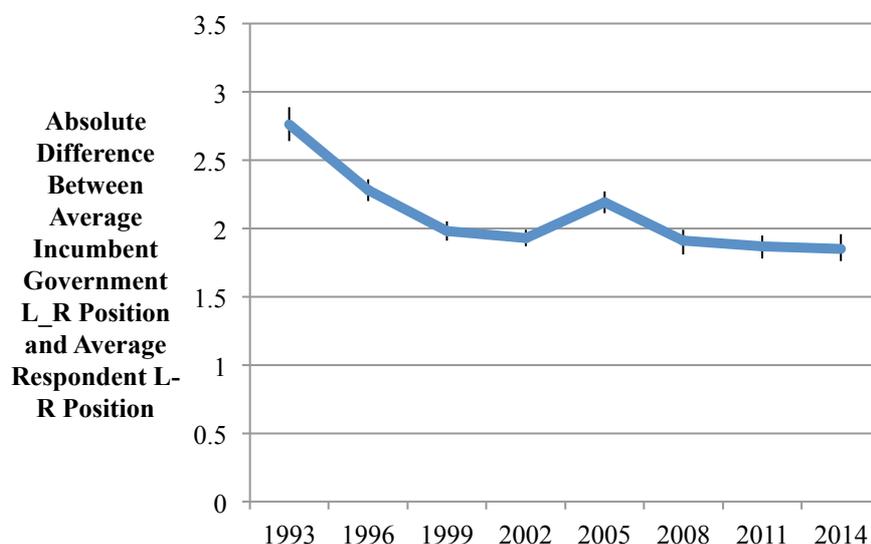
closer or stronger relationship, a recent time series can be reconstructed. Further back, survey evidence indicates much higher levels of party identification that probably persisted until the 1987 election: for example, in 1981 about 60 per cent indicated a very strong or strong party identity. In 1990, the overall level of party identification dropped like a stone and has never recovered. Figure 4 shows that party identification recovered slightly up to 1996, anticipating and responding to the shift to MMP. It then dropped, before recovering strongly in 2005, a very close and polarized election, before falling away again. We cannot rule out possible effects of MMP on party identification, but as MMP provides more opportunities for vote shifting within blocs these may offset any advantage of greater party choice. Meanwhile levels of party identification are probably more deeply rooted in the nature and polarization of the party system that are only partly related to the electoral system.

There is a somewhat bigger literature on the potential effects of electoral systems on political efficacy. Theoretically, one might expect efficacy to be higher under systems of proportional representation because of better representation: more people should feel there is someone in the legislature representing them. There is also a debate about the policy positions of government: some argue that they tend to be closer to the median voter in PR systems, others that there is no difference. On the other hand, closed list systems may mean that there is less contact between people and their MPs, and therefore less confidence that MPs will represent citizens' views. Apart from Banducci and Karp (2009) there is not much evidence for electoral system effects: across a range of measures of efficacy, cross-sectional comparative research does not bear out many of these expectations, one way or the other (Curtice and Shively 2009; Lishaug, Aardhal and Ingunn 2009)

The median voter debate has some relevance to the New Zealand context. Using left-right scale data from respondents and their ratings of parties, Powell provided evidence that governments in countries with PR electoral systems were closer to the median voter than those in majoritarian systems, confounding theoretical arguments that predicted the opposite (Powell 2000). More recent evidence challenges this claim, indicating no differences (Blais and Bodet 2006; Golder and Stramski 2010). Powell's (2008; 2011) responses propose period effects. Under conditions of party polarization that pull governments away from the median voter, such as the shift toward neo-liberal economic and social policies in the 1980s, governments in majoritarian systems will respond but governments in PR systems will be more constrained from doing so. Under normal conditions, governments in PR and majoritarian systems will be equally likely to remain as close as they can to the political centre.

Some New Zealand evidence fits into this picture, and comes from two sources. Comparisons of candidate and voter preferences in 1993, 1996, and 2002 show a big difference between party elite positions and public preferences in 1993: more than to be expected by theory, and consistent with Powell. By 2002 the gap had considerably narrowed. Comparing party positions, the biggest shift was in the National Party's movement back toward the centre (Vowles, Banducci and Karp 2006, 41-42). Other analysis estimates that the party of the median voter was unrepresented in the New Zealand governments between 1978 and 1993: since 1996, that party has been the main party of government except for 2008 when the party in question, United Future, was a government support partner (Nagel 2012, 6).

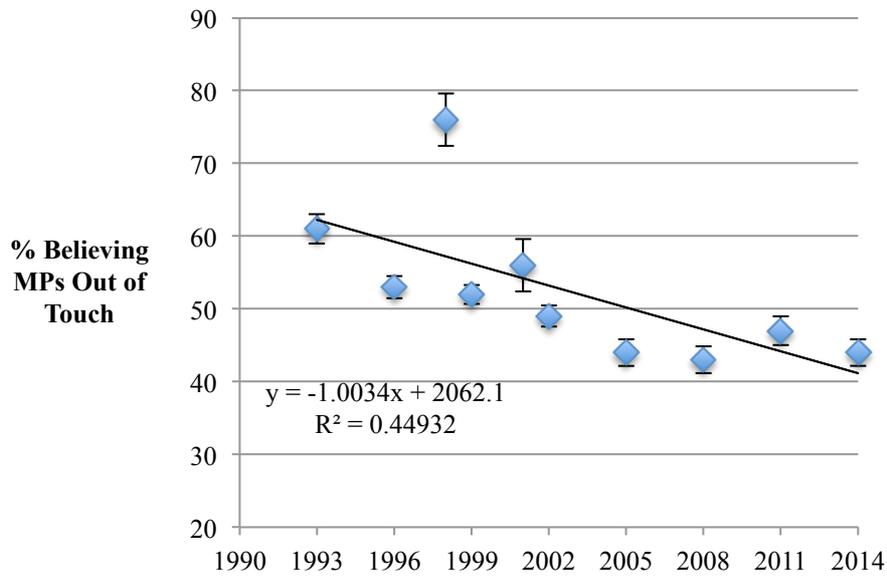
Figure 5: Ideological Congruence Between Incumbent Government and the Average Respondent, 1993-2014



On the other hand, content analysis of party manifestos identifies little or no post-MMP convergence: however, it there is a caveat that the party manifestos during the period of neo-liberal reform in the 1980s and early 1990s did not contain many of the most significant policy changes implemented (Gibbons 2011). Further evidence can be gleaned from the left-right scores attributed to the National and Labour Parties by respondents to the NZES from 1990 onwards. Taking retrospective evaluations of the incumbent major government party at each election, there is indeed a convergence between the average voter and governments since 1993. The picture for the median voter (always the middle score) is more complex. Perceptions of the Key National governments are further from the median voter than those of the Clark Labour Governments, but closer than the Bolger-Shipley governments of the 1990s.<sup>3</sup> In terms of the average voter, the Key governments are closer, as the average voter has moved to the right, particularly since 2002. The 0-10 scale is probably too blunt an instrument to define the place of the median voter. Were respondents given a more fine-grained scale, the median voter would probably be more to the right as well. For this reason Figure 5 plots the different from the average voter rather than the median.

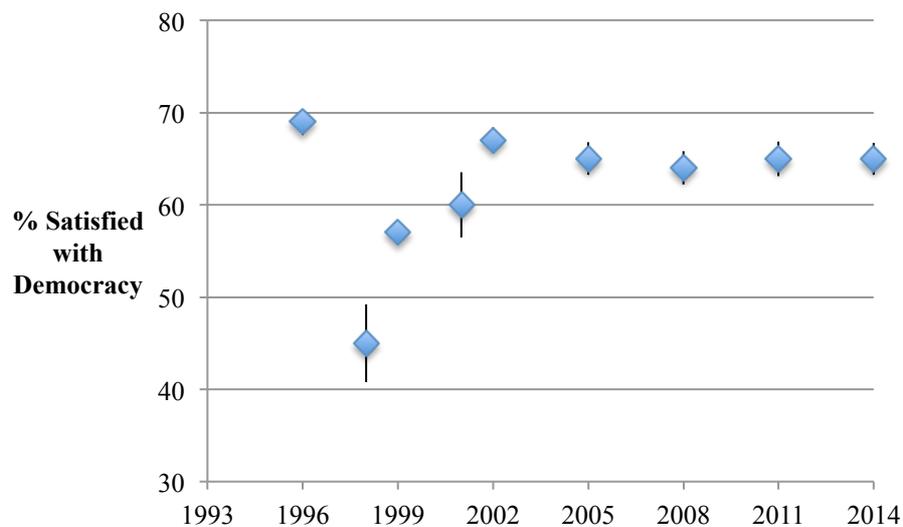
Given all this, we might expect higher levels of political efficacy among eligible voters as MMP has consolidated, and we do. Four political efficacy questions have been asked in the NZES since 1993, and they all show the same trend. In the case of a statement that MPs are ‘out of touch’, agreement falls below 50 per cent in 2002, from a high of 60 per cent in 1993, and moves closer to 40 per cent for three out of the four elections since. Scepticism about the responsiveness of politicians remains, but there has been improvement.

Figure 6. Most Members of Parliament are Out of Touch of the Rest of the Country, 1993-2014



‘Satisfaction with democracy’ is one of the most widely used estimates in the literature to assess both the accountability and responsiveness of democracies. It is not without its critics: it taps into a wide range of sentiments, and may be confused between an evaluation of democracies in principle or in practice.<sup>4</sup> Nonetheless, it has value as a summary measure and its wide use in the literature attests to its worth, subject to caution. As far as electoral systems are concerned, there is conflicting evidence about satisfaction with democracy. Some analysis indicates that people in countries with PR are more satisfied than those in majoritarian countries, particularly those not voting for winning parties (Anderson and Guillary 1997; Lijphart 1999). Other analysis indicates the contrary (Aarts and Thomassen 2008).

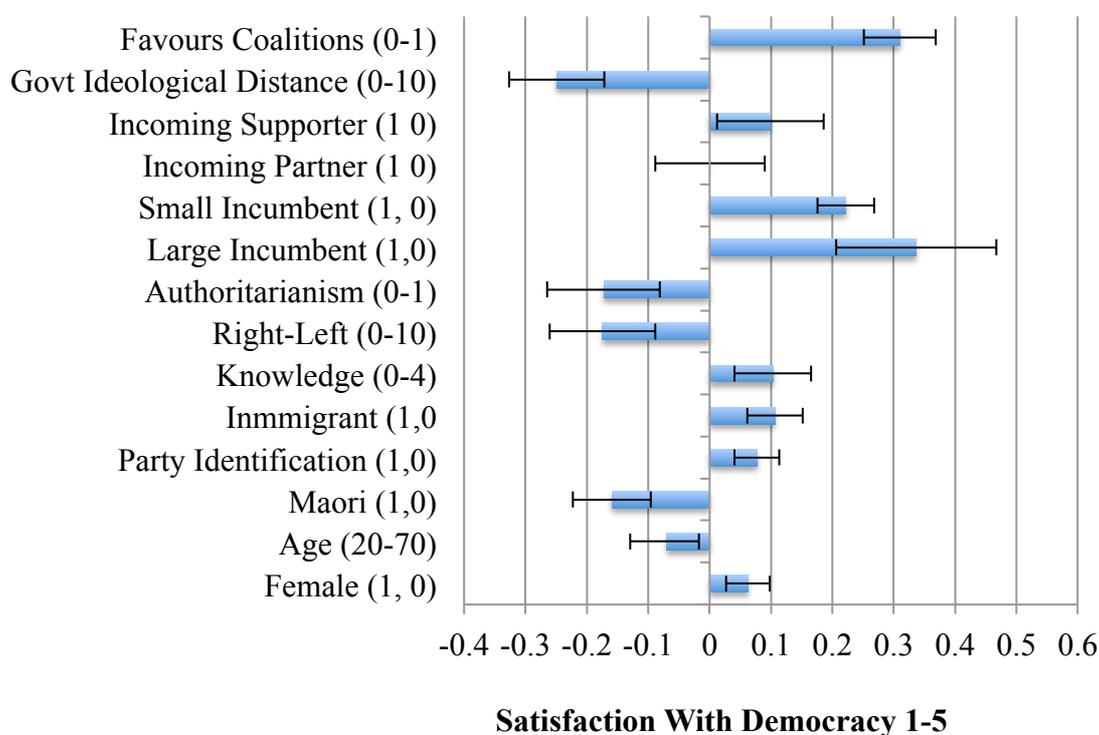
Figure 7. Satisfaction With Democracy 1996-2014



Unfortunately, satisfaction with democracy has only been asked in New Zealand election studies since 1996. Since 1996, satisfaction with democracy shows much the same trend as efficacy. One assumes that satisfaction with democracy was much higher in the 1960s, in parallel with higher levels of efficacy in that period. With a little less confidence, one can suspect that satisfaction with democracy was lower in the years immediately prior to the shift to MMP. Lacking data from this period, on grounds of both theory and evidence, one can nonetheless model the likely factors post-1996.

In 1998 and 2001 the NZES ran mid-term opinion surveys. That in 1998 was propitiously timed to capture the collapse of the first coalition government under MMP and the fallout that followed (Karp and Bowler 2001). Figure 7 shows that at the first MMP election the level was at 70 per cent. Disillusion followed but satisfaction had returned almost to the 1996 level by 2002. Since then it has remained steady at about 65 per cent, somewhat better than average in international terms but not outstanding (Aarts and Thomassen 2008, 12; Thomas 2016, 219). Bowler and Donovan query the improvement, pointing out correctly that democratic satisfaction can be affected by economic performance and that from 2002 onwards the New Zealand economy was growing quite respectably.

Figure 8: Correlates and Controls, Satisfaction With Democracy in New Zealand 1996-2014.



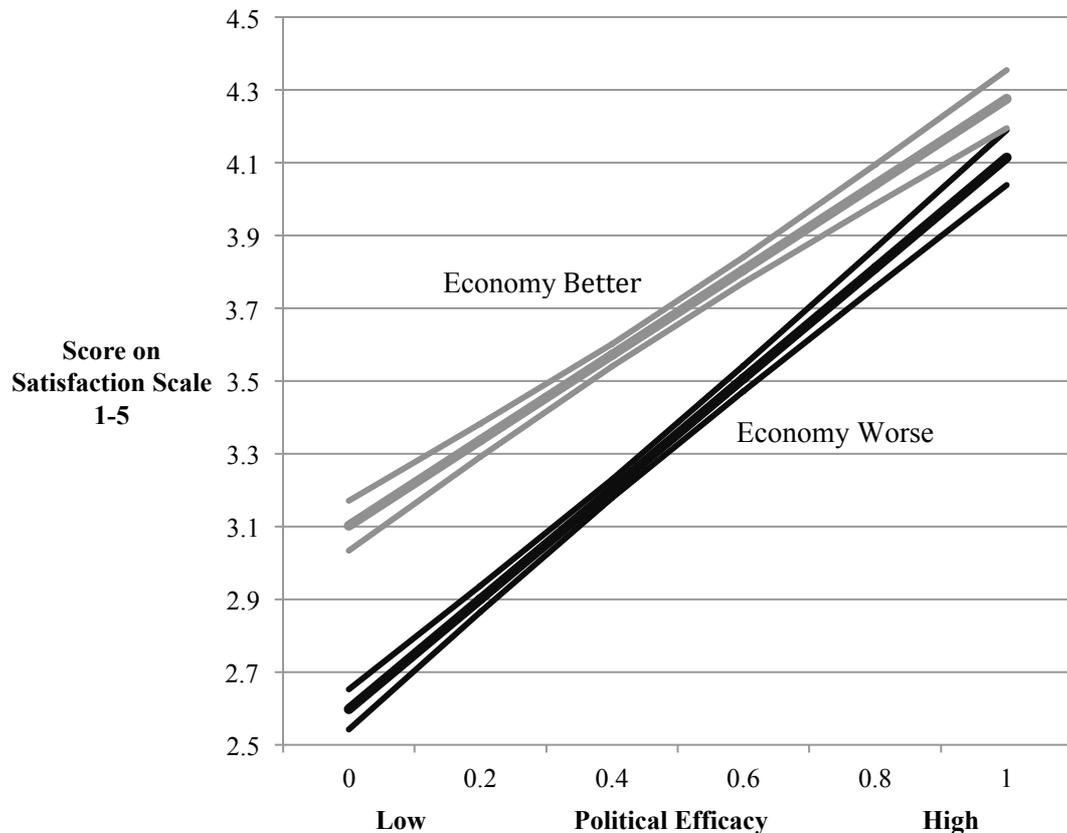
More in-depth analysis can address this uncertainty, not to mention other potential confounding factors and individual-level characteristics that can be added to fill out the model. Cross-sectional data from the NZES from 1996 to 2014 has been pooled. It

contains respondent perceptions of New Zealand's economic performance, and can be used to assess the possible effects of other changes over time: for example, over a period of high immigration, the increasing proportion of voters who were not born in New Zealand. Figures 8 and 9 and the Appendix Table displays the results of ordinary least squared regression models on a 5-point scale representing satisfaction with democracy. On the 1-5 scale, women tend to be .07 more satisfied, Maori .14 less satisfied. Education has effects in simpler models, the more educated being more satisfied, but its effects are absorbed by other variables such as political efficacy. Young people are significantly more satisfied than older people, but not by much – on the 1-5 scale, all else equal a 20 year old is likely to be 0.07 higher than a 70 year old (at 3.45 compared to 3.38). When age is redefined as distinguishing between those who began voting before and after MMP, it has no effects.

Party identifiers are .08 more satisfied, an immigrant .11 more satisfied. People who come to New Zealand are presumably comparing democracy or its absence in their country of origin to that in New Zealand, and New Zealand must rate better. The most politically knowledgeable person is likely to be .08 more satisfied than the least knowledgeable person. People on the right tend to be less satisfied, as are authoritarians. People who vote for winners tend to be more satisfied, as a significant literature predicts they should, although it is worth noting that support party voters are more satisfied than voters whose parties enter a coalition, who are not necessarily more satisfied at all. Efficacy increases satisfaction, as do perceptions of good economic performance. Whether or not people vote for an incumbent government matters for their assessment of economic performance, so in a second version of the model these two variables are interacted (Figure 9). Each election but one is included as a dummy or 0-1 variable, making this a fixed-effects model. Alternative models using ordinal logit and multi-level fixed and random effects methods show almost identical results.

The relationship between efficacy and economic performance is the crux of the question. A simple regression of satisfaction with democracy and economic performance perceptions gives an R-Squared of .04. A regression of satisfaction with democracy against efficacy gives a bigger R-Squared of .10. Putting both variables into the model, the R-Squared is 0.13, indicating that while their effects overlap slightly they are relatively independent of each other. The best way to illustrate their joint effects is by a plot from the full interactive model. Figure 9 shows that efficacy strongly drives democratic satisfaction, helped along by perceptions of good economic performance, but only partly so. We can therefore confirm that the effects of efficacy on democratic satisfaction - and, indeed, efficacy itself – are far from being explained by perceptions of economic growth. It seems reasonable to conclude that experience under MMP has indeed made New Zealanders more satisfied with democracy than before. Key drivers of satisfaction with democracy are political efficacy, government proximity to the median voter and approval of coalitions: all are central factors in New Zealand's experience of the MMP system.

Figure 9: The Effects of Economic Perceptions and Political Efficacy on Satisfaction with Democracy, 1996-2014

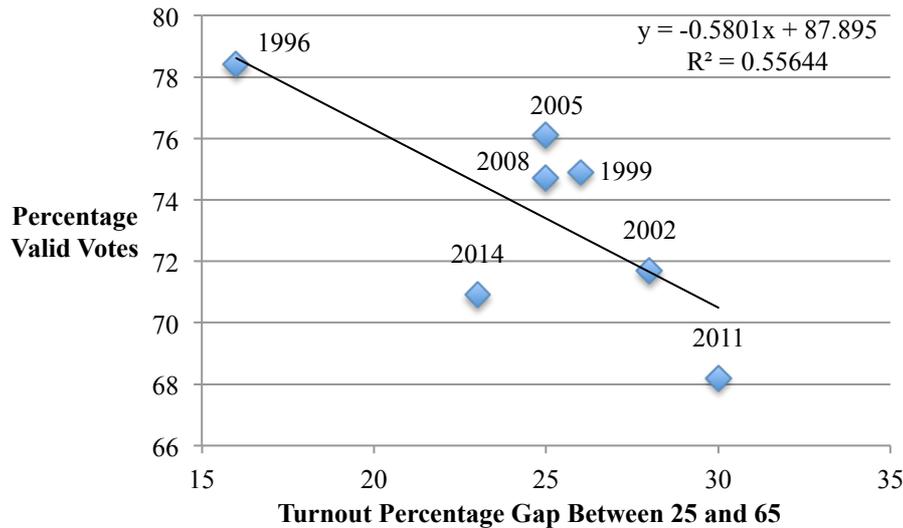


One key indicator of democratic performance remains and that, of course, is not so encouraging. Turnout in elections has continued to decline under MMP. Cross-sectional comparative research had indicated, and continues to indicate, that a system of proportional representation should have positive effects on turnout, all else equal. Doubts about the reasons for higher turnout under PR have been alleviated somewhat by recent research: the existence of safe or uncompetitive seats suppresses turnout, national competition increases it (Selb 2009; Cox, Fiva and Smith 2015). It may be that a mixed electoral system provides mixed messages, but, even so, electorate-level competitiveness no longer as strongly affects turnout in New Zealand as it did under the SMP system (Vowles 2010a).

Consistent with international evidence (Franklin 2004) continued turnout decline is partly the result of generational cohorts who began voting less before electoral system change, replacing earlier SMP generational cohorts who learned to vote more before the party system began to dealign. On the basis of theory that voting is a habit and evidence from elsewhere, because of national competition and the consequent relative absence of wasted votes we might expect the new generational cohorts who begin to vote under MMP to develop better habits of turnout. There is some evidence that this might have been happening up to 2005, but it is not at all robust (Vowles 2010a). The biggest problem is the limited survey data from elections before MMP, and the

tendency of people who do not vote to not to respond to election surveys. Research using ecological inference from census data by electorate could partly address this deficiency. In the meantime, reconstruction of survey data from 1996 onwards that does contain non-respondents as well as respondents displays a widening gap between young voters and old voters in their turnout. As turnout goes down, the gap widens: young voters are driving it somewhat more than are older voters. Figure 10 displays this depressing picture. Indeed, that picture would be even worse if we were to add in the effects of non-enrolment, also most serious among the young.

Figure 10: Age Bias and Turnout in New Zealand, 1996-2014



SOURCE: For details of the data used here see Vowles (2015: 295). The estimates are derived from logistic regressions of age and age-squared for each of the elections covered.

One can conclude on a somewhat more upbeat note, perhaps. MMP has delivered the absence of single-party majority governments, as most who supported it intended. Political elites have learned by experience how to manage government under MMP in a way that does not deliver them all the power they want, but in most cases all they need, and in some cases, some of us might argue, still more than they should have. But the 2014 election was a near thing: only one or two marginal differences could have delivered the National Party a majority in its own right. The absence of an Epsom deal between National and ACT and the retirement of Peter Dunne might have been enough. Even the by-election behaviour of the voters of Northland might not have been sufficient to banish a National majority in an only slightly different alternative universe. One can also observe in passing that lowering the threshold to three or four per cent would tend to reduce the numbers of wasted votes that can make it possible for a large party with a party vote over 46 or 47 per cent to gain more than half the seats.

A new challenge will emerge if the 2017 election makes possible an alternative government in which a junior partner or partners might expect Cabinet seats. If National remains the single largest party, but can be outvoted by an alternative two or three-party alignment, those still thinking in majoritarian terms will identify a legitimacy problem. Worse, something similar to the 1998 experience could happen again, if elite political learning has not been as effective as it seems.

On the bright side, descriptive representation is improved: we have a Parliament that ‘looks and feels like New Zealand’, even though it is not a perfect fit, and ‘could do better’. New Zealanders feel that their politicians are more responsive under MMP than they did in the late 1980s and early 1990s, even though political efficacy remains lower than it did in the early 1960s, from when the earliest estimates can be recovered (Vowles 1998). We have probably become more satisfied with our democracy, although many other countries remain more satisfied than we are. Turnout is still going down, and despite efforts to stop the trend, we are not having much success in doing so. The glass is half full, or half empty, depending on how you see it.

And things could be much worse, and probably would have been, had New Zealand retained a majoritarian electoral system after 1993: one thinks of post-Brexit Britain as well as Donald Trump’s America, and the potential for a Marine Le Pen-led France. The ‘safety valve’ metaphor is apt. Majoritarian democracies are being revealed as more prone to extremist capture than has been recognized in the traditional electoral systems literature. So two cheers, but not three, for the MMP electoral system in New Zealand after 20 years.

## APPENDIX

### Correlates of Satisfaction With Democracy in New Zealand 1996-2014

Satisfaction with Democracy 1-5	Coef.		Std. Err.	Coef.		Std. Err.	
Female	0.06	**	0.02	0.06	**	0.02	
Maori	-0.16	**	0.03	-0.16	**	0.03	
University Degree	0.02		0.03	0.02		0.03	
School Education	0.01		0.02	0.01		0.02	
Age	0.00	*	0.00	0.00	*	0.00	
Party Identification	0.07	**	0.02	0.08	**	0.02	
Immigrant	0.11	**	0.02	0.11	**	0.02	
Political Knowledge (0-4)	0.10	**	0.03	0.10	**	0.03	
Left Right (0-10)	-0.02	**	0.00	-0.02	**	0.00	
Economy Past Year (1-5)	0.18	**	0.01	0.28	**	0.02	
Political Efficacy (0-1)	1.37	**	0.05	1.86	**	0.13	
Authoritarianism (0-10)	-0.18	**	0.05	-0.17	**	0.05	
Voted For -							
Large Party Incumbent	0.08	**	0.03	0.34	**	0.07	
Large Party Winner	0.20	**	0.02	0.22	**	0.02	
Incoming Small Party Coalition Partner	0.00		0.05	0.00		0.05	
Incoming Small Party Support Party	0.10	*	0.04	0.10	*	0.04	
Ideological Congruence Incumbent	-0.03	**	0.00	-0.02	**	0.00	
Favours Coalitions	0.31	**	0.03	0.31	**	0.03	
Economy * Efficacy				-0.17	**	0.04	
Economy * Large Party Incumbent				-0.08	**	0.02	
Election (1996)							
	1999	-0.34	**	0.03	-0.35	**	0.03
	2002	-0.20	**	0.03	-0.21	**	0.03
	2005	-0.15	**	0.04	-0.16	**	0.04
	2008	0.02		0.04	0.00		0.04
	2011	-0.09	*	0.04	-0.10	**	0.04
	2014	-0.25	*	0.04	-0.23	**	0.04
Constant		2.34	**	0.07	2.06	**	0.09
R-Squared		0.173			0.174		
N		13,411			13,411		

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<sup>1</sup> For summaries of expectations see Vowles et al 2002, 188-189; Vowles, Banducci and Karp 1998; 2006.

<sup>2</sup> Although Banducci and Karp do not use a standard measure of party identification, but instead the highest 'like' score given to a political party: quite a different thing.

<sup>3</sup> The 1990 data is confusing: as expected, it shows Labour at its furthest to the right in the 1990-2014 series, at 4.5 to the left on a ten-point scale. But this puts it very close to the median and the average voters, not an intuitive result given the widespread rejection of the Labour Government in that year. One would get more intuitive results from perceptions of Labour's left-right position with those of its voters (or previous voters). In this case, we are hitting the limits of median voter analysis: it does not readily apply in a situation where a party in government makes un-signalled policy shifts and advances into the ideological territory of its opponent.

<sup>4</sup> Thomas (2016, 210-213) provides a useful brief review of this literature.