

Voters' Victory?

New Zealand's First Election Under
Proportional Representation

Edited by

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PREFACE

To begin this book's account of the 1996 election in New Zealand we must briefly step back three years. For many who followed the results on election night 1993 the most important contest was not between the various political parties, but between two electoral systems, which were the subject of a referendum held simultaneously. The contest put the old first-past-the-post (FPP) system against a challenger, Mixed Member Proportional (MMP). With National only tenuously holding on to power, by the end of the evening the only certain victory was that of MMP, but it was a sweet one for those who had worked for that change for nearly 10 years. Those who advocated MMP regarded the victory not only as theirs, but also one which, in the long run, would amount to a victory for all New Zealand voters.

Yet in the aftermath of the first election held under MMP, that sense of victory had faded among all but its most ardent believers. With all the 1996 election night votes counted, no one knew which party would lead the government and most New Zealanders, whatever their political preferences, could neither celebrate nor hold a wake. Election night gatherings fizzled rather than sparked. The New Zealand First party, holding the balance of power, took two months to make a decision which, polling indicated, the majority of its voters neither expected nor approved of.

A majority of New Zealanders continued to favour MMP until immediately after the 1996 election. Since then, through most of 1997 polling indicated a majority once more favouring FPP. Many New Zealanders apparently believed that instead of a victory for voters, the first MMP election was a defeat, returning an unpopular government to power with the help of New Zealand First. Many felt misled by New Zealand First, believing that it had indicated it wished to defeat rather than govern with National.

The following analysis of the 1996 New Zealand Election has two main objectives: to provide an authoritative account of the election, as in previous studies (Vowles & Aimer 1993; Vowles *et al.* 1995), and to begin to identify the effects and consequences of electoral system change. Chapter 1 outlines what people expected from MMP, and Chapter 2 brings the account up to the time of the 1996 election. Chapters 3 to 11 then focus on the distinctive aspects of the first MMP election and its outcome, while Chapter 12 offers a conclusion and some speculation.

Electoral systems impact powerfully on a country's politics. Chapter 1 explores the wide implications of electoral system change, and what we might expect from the adoption of proportional representation in the unique New Zealand setting. In Chapter 2, Jack Vowles examines changes driven by the imminence of MMP during the transition years of 1993–96. He further pursues the theme of change in Chapter 3, to discern whether a new

party system has emerged under MMP. Certainly, before and during the transition to MMP, new parties sprang up, greatly widening the voters' choice. How did the voters respond? In Chapter 4, Peter Aimer traces the broad patterns of vote change (volatility) and stability in 1996 compared with voters' choices in 1993. Chapter 5 maps the patterns of volatility during the crucial three-week election campaign. Breaking new ground for election analyses in New Zealand, Richard Johnston uses the results of daily interviews to graphically show the links between Helen Clark's campaign and Labour's eleventh-hour electoral recovery as main opposition party. In proportional systems 'every vote counts', so the slogan says. To what extent, therefore, did parties adjust their campaigns to a nationwide pursuit of votes? David Denmark provides a detailed analysis in Chapter 6. For voters, MMP meant an opportunity to cast two votes. In Chapter 7, Susan Banducci, Jeffrey Karp and Jack Vowles explore the way people deployed their two votes, and look in detail at those people who split their preferences by voting for a candidate for a party for which they did not cast their party vote.

The coalition building process was perhaps the most difficult adjustment to electoral change that party leaders and voters alike were forced to make. Raymond Miller analyses the coalition outcome of the election in Chapter 8. According to its advocates, MMP should produce a more representative parliament. This is the claim Banducci and Karp pursue in Chapter 9. Electoral change had been nurtured within an increasingly disillusioned and discontented electorate. In Chapter 10, Banducci and Karp search for evidence that MMP has the capacity to revive people's faith and trust in politics. In the 1993 referendum Maori had strongly supported MMP. One of the most dramatic and decisive results of the first MMP election was the capture of all five Maori electorates by New Zealand First candidates. In Chapter 11, Ann Sullivan and Jack Vowles examine this significant realignment of Maori preference away from Labour. Finally, in Chapter 12 the editors collectively sum up the findings of this study of a unique electoral experience in New Zealand politics.

Voters' Victory? is the third major study of voters and electoral choice based on data generated by the nationwide, post-election surveys conducted since 1990 by the New Zealand Election Study (NZES) programme, and funded from the Public Good Science Fund administered by the Foundation for Research, Science, and Technology (FRST). All three have been published by Auckland University Press. The first two books in the series, *Voters' Vengeance* and *Towards Consensus?* (the question mark, as in the title of the present book, merits emphasis), provide the essential benchmarks for analysis of voting behaviour in the final years of FPP elections in New Zealand. They record the growing disillusionment with two-party politics, in part associated with the changes that accompanied the resurgence of economic liberalism in New Zealand.

Electoral change took longer to arrive than many of the policies of the 1984–90 Labour Government and subsequent National administrations, but electoral reform became an integral part of that political sequence. In 1986 a Labour-appointed royal commission had recommended the move to MMP; in 1990 the National Opposition promised to put the issue to referendum. The

first, non-binding referendum in 1992 resulted in a clear vote for change, with the MMP model massively preferred over the other options. This outcome was affirmed, although in a much closer result, in the second, binding referendum held in conjunction with the 1993 general election. The NZES programme has thus been doubly fortunate in coinciding not only with a period of great political drama, but also in straddling a major change in the ways that votes are cast and counted.

The 1996 study has been funded much more generously than in the past, for which the editors and authors express their gratitude to the FRST. Other funding for which we are similarly grateful was provided by Lottery Science, and by the research committees of the University of Auckland and the University of Waikato School of Social Sciences. The substantially greater resources available made it possible for us to expand the size and scope of the study. In particular, while the 1990 and 1993 studies relied on the questionnaire responses of over 2,000 New Zealanders, in 1996 we received the generous assistance of a little over 5,000. Of these, about 700 had participated in both the 1990 and 1993 studies, and another 500 in the 1993 study. This introduces a stronger 'panel' element into our research design, because it means we can compare responses from the same people over two or three elections. We also ensured that we would achieve a sufficiently large sample from the Maori electorates to begin the first systematic survey-based study of Maori political behaviour. Finally, about 2,161 people interviewed by telephone on a night-by-night basis during the five-week campaign also provided us with questionnaire responses after the election. As in 1993, we also sent questionnaires to candidates of all significant political parties, and received responses from about 60 per cent.

In order to sample voters, 28-page questionnaires were sent to people randomly selected from the electoral rolls or, in the case of the campaign sample, by computer-assisted random-digit dialling of telephone numbers. After two reminders, those who had not responded to the mailed questionnaires were telephoned, if possible, and a shorter interview conducted. The identities of everyone involved are, of course, completely confidential, and cannot be identified in any analysis or indeed in the data itself. Response rates varied across the various sub-sections of the sample, but averaged just under 60 per cent. Analysis of the responses in comparison to voting patterns and social and demographic variables indicates that it is satisfactorily representative of New Zealand voters in 1996. Further details on sampling and methods can be found in Appendices A and B.

A book of this kind incurs immense personal and institutional debts. Elizabeth Caffin at Auckland University Press made it possible for us to add a third book to the NZES election series. Dr Gabriel Dekel of the Survey Research Unit in the Department of Political Science and Public Policy administered the campaign survey and worked extremely hard and diligently in doing so, with the help of Annie Muggeridge. The *New Zealand Herald* and Television New Zealand contributed to our funding and publicised the initial findings of the campaign study. Walter Forrest performed invaluable research assistance at the University of Waikato, and Mike Crawshaw and Marcus Ganley helped at the University of Auckland. The National Research

Bureau administered a section of the post-election telephone supplement with their usual reliability. Julie Clements of Marketing Data Services handled the data capture from over 4,000 questionnaire booklets with ease and good humour. One of our authors, Dick Johnston, deserves particular thanks for making available to us the experience of the Canadian Election Study in designing and analysing rolling cross-sections of campaign data.

The Electoral Enrolment Centre (EEC) speedily provided us with the electoral roll in electronic form, once it had reassured itself that the law permits its use for bona fide social science research. Access to the roll for this purpose is very valuable, and we hope that the EEC will facilitate the proper use of the roll for other social researchers in future. We are grateful also for their rapid provision of other useful data on the roll. Dr Paul Harris of the Electoral Commission was consistently supportive and helpful, as was the Chief Electoral Office. We also appreciate the assistance of Stephen Mills, who provided post-election data from UMR Insight Limited. Peter Aimer and Jack Vowles, the initial editors, would also like to thank Susan Banducci and Jeffrey Karp, whose enthusiasm, commitment, competence and hard work simply obliged us to include them as co-editors of *Voters' Victory?* in recognition of the extent of their contribution to the study. Other people too numerous to name participated in the work necessary to produce this book, notably the telephone interviewers and coders, most of them students at the University of Waikato. We acknowledge their services gratefully. Finally, our most profound debt is to our respondents. Without their willingness to spend considerable time and thought filling out our questionnaire or answering questions over the phone, none of this would have been possible. Our appreciation of their participation is immense, and we trust that the value of this study in expanding knowledge justifies both their time and the mostly taxpayer-generated funds needed to conduct it.

Until recently New Zealand has been regarded as a model of Westminster, British-style, two-party politics. Veering suddenly towards multi-party politics under an unfamiliar European system of proportional representation, New Zealand electoral politics has attracted international interest. So too have the extensive data sets generated by the NZES, which are all available for analysis by other scholars. As well as New Zealanders, among our contributing authors are scholars based in Canada, Australia, and from the United States. We hope this book will be of value both to New Zealanders who wish to understand the consequences of institutional change for their own country, and to people elsewhere who may learn from our experience and apply it to their own situation.

Jack Vowles, Peter Aimer, Susan Banducci, Jeffrey Karp
September 1997

EXPECTATIONS OF CHANGE

Jack Vowles, Peter Aimer, Susan Banducci and Jeffrey Karp

Unbroken transitions between substantially different electoral systems are rare events. An unbroken transition takes place when there is an interval of relatively 'normal politics' between two democratic elections under different rules. It therefore excludes changes following disruptions such as war, dictatorship, the establishment of a new state, or the reappearance of an old one. There were only 14 such transitions in Europe between 1885 and 1985, with five concentrated in one country, France (Bartolini & Mair 1990, 154–5).

Examples of particular shifts are even fewer. Of the 14 European transitions, only five involved the introduction of proportional representation (PR) prior to the early 1920s, but since then only France has experienced a transition to PR (in 1985), and that was reversed. Most electoral-system transitions involve small changes to electoral formulae (see Lijphart 1994, 78–94). The other major transition is from PR to 'plurality' or first-past-the-post systems, where the party or candidate who wins the most votes is elected.¹ This has been more frequent in recent times: in France in 1928, 1958, and in the late 1980s, and in Japan and Italy in the early 1990s. In the case of the two latter countries, 'mixed member' systems were adopted, but their design did not promote proportionality as effectively as New Zealand's new electoral system.

New Zealand's transition from plurality electoral rules to a mixed-member proportional (MMP) system is therefore a rare event. Its significance is increased by the identification of New Zealand by electoral system analysts as a classic example of Anglo-American majoritarianism (Taagepera & Shugart 1989; Lijphart 1984). According to Lijphart, New Zealand was 'the purest Westminster democracy' because it concentrated political power in one House of Parliament, and elected its members by the first-past-the-post (FPP) method, thereby encouraging single-party governments with strong majorities in Parliament.

This 'majoritarianism' paradoxically made it possible for governments to rule with the support of minorities of voters: for example, National in 1978 with 39.8 per cent of votes and 55.4 per cent of seats; National again in 1981, with 38.8 per cent of votes and 51.1 per cent of seats; and Labour in 1984, with 43 per cent of votes and 60 per cent of seats. Lijphart calls his alternative model of democracy 'consensus', a word which advocates of reform in

New Zealand embraced (and even some of their opponents used too). But PR alone will not generate 'consensus'. It is more likely, however, to generate broadly based governments which have majority public support (Vowles 1991; Nagel 1997).

MMP is based on the German electoral system, and was also adopted in Venezuela in the late 1980s (Shugart 1992). Under MMP the House of Representatives, the only legislative body in New Zealand's unicameral Parliament, has increased in size to 120 members, 65 of whom are elected as candidates under simple plurality or FPP rules in single-member districts. The remaining MPs are elected by means of a party vote from closed national lists supplied by political parties. Those list MPs are allocated so as to top up the party shares of seats in the House to ensure proportionality according to the overall distribution of party votes cast. Thus MMP deploys the party vote as a corrective mechanism to ensure proportionality, in a way that distinguishes it from other less proportional mixed systems (Blais & Massicote 1996). Table 1.1 shows how this happened as a result of the 1996 election. The allocation formula is known as the Sainte Lague method, which is the most proportional of the various available mechanisms for allocating seats. A party's access to proportionality is subject to a 5 per cent party vote threshold under which a party cannot gain representation, unless one of its candidates wins an electorate seat (which also makes it potentially entitled to further list seats). Subject to this limitation, MMP can be described as a fully proportional system.

Table 1.1: Parties Represented in Parliament, 1996 Election

Party	% Party votes	Electorate seats won	List seats allocated	Total seats allocated	% Seats
National	33.8	30	14	44	36.7
Labour	28.2	26	11	37	30.8
NZ First	13.3	6	11	17	14.2
Alliance	10.1	1	12	13	10.8
ACT	6.1	1	7	8	6.7
United	0.9	1	0	1	0.8

Opposed Expectations

Expectations of change as a result of a new electoral system were most extensively outlined in the *Report of the Royal Commission on the Electoral System* (1986). The report recommended MMP for several reasons. MMP would produce greater fairness between political parties, because the number of seats allocated to political parties would be proportional to the number of votes received; it would elect more representatives of minority and special interest groups, including Maori and women; and it would not reduce political integration, but would recognise social diversity and encourage wider social group representation, particularly in the party lists. The threshold below which smaller parties could not gain seats would prevent the proliferation of small or extreme parties, or any undesirable fragmentation of the party system.

Retaining electorates for about half the members of Parliament, MMP would retain direct electorate representation. Reducing the number of directly elected MPs would increase the size of electorates, but not beyond tolerable bounds. Some list MPs would attach themselves to an electorate and provide choices for voters who might want to approach a person from a different party to that of their local MP. List members would remain indirectly accountable to voters through the political parties that selected them as candidates.

MMP would make voting more effective and satisfying and thus enhance public participation in politics. Voters in safe electorates would have as much incentive to vote as those in closely contested electorates; thus turnout would be likely to increase. Opponents of PR argue that it often removes the choice of government from electors and places it in the hands of parties negotiating to form a government in the aftermath of an election. The commission expected that 'potential coalition arrangements would be evident before an election' (p. 56), and that if the formation of a new coalition between elections was inconsistent with such assumptions, a convention would develop that a new election should be held as soon as possible. Voters might use their two votes to signal support for particular combinations of parties, voting for a major party in the electorate and for a smaller party on the lists. While MMP might give power to a minor party out of proportion to its share of the vote, voter attitudes would prevent a minor party from exacting excessive concessions from a coalition partner or minority government. The Royal Commission did not consider the possibility that a party might signal one apparent coalition preference before an election, and act differently afterward. If presented with that scenario, the commission's likely response would have been that such a party would face severe punishment at the next election if voters still considered they had been misled. While MMP might provide some opportunities for voters or parties seeking to distort proportionality, such efforts would be difficult to achieve and would run the risk of voter backlash.

MMP would reduce the likelihood of single-party majority governments, but it would not significantly reduce the stability and decisiveness of governments because the relatively high threshold would prevent the proliferation of an excessive number of small parties. Governments under MMP would take longer to make decisions on contentious issues, but this would be welcomed by electors wishing for more consultative government and greater continuity of policy. Parliament and parliamentary committees would become more significant policy actors. MMP would strengthen the effectiveness and policy role of political parties, particularly because it would encourage the recruitment of candidates with skills, knowledge, and experience, and able members could be made less electorally vulnerable. Finally, because of its proportionality, MMP was 'fair and legitimate' in ways that FPP could never be.

Other arguments in favour of MMP surfaced as the debate intensified. One in particular emphasised the opportunity for split voting, arguing that voters would be able to vote both for the candidate of their choice, regardless of party, and for their party, even when they did not like their party's local candidate. Electorate MPs would therefore become more autonomous from their parties and more responsive to the will of their electorates. The Royal Commission, on the other hand, had simply reported that in Germany few people

distinguished closely between the two categories of MP. Of the arguments for change, the two with most public resonance were fairness, and the weakening of the power of government because MMP makes it far more difficult for a single party to form a majority government.

Those opposed to change mobilised their intellectual resources only at the last moment. It was the New Zealand Business Roundtable (BRT) which commissioned the most consistent defence of FPP and critique of MMP (Cowen, Cowen & Tabbarok 1992). While the Royal Commission had framed its arguments largely in the context of normative democratic theory, the principal opponents of MMP used the language and concepts of public choice theory, based on assumptions that individuals' and political parties' actions and choices are motivated by self-interested rationality (for the classic in this field, on which much subsequent analysis draws, see Downs 1957). The BRT-commissioned analysis began by asserting theoretical claims based on the assumption that FPP and MMP generated different incentives for voters and parties. FPP systems, by encouraging two parties, provide an incentive for parties to compete for the support of the 'median voter': that is, for voters whose policy preferences lie in the centre between the two sides in the debate about the roles of the state and the market. Under MMP, 'no single party' would attempt to 'stake out the middle ground'.

Instead, under MMP parties and politicians would tend to differentiate themselves more by ideology, yet would be less able to put those ideological objectives into effect. For example, the ability of the government to increase taxes or redistribute wealth would be reduced, because of the need to generate more consensus behind such policies, a more difficult process across party boundaries than within a single broad party. MMP would also 'decrease the ability of a government to respond favourably and effectively to changing international constraints'. The BRT authors clearly favoured New Zealand's existing electoral arrangements because those had made possible 'rapid responses to major policy problems or exogenous shocks' (p.24): in other words, the process of market liberalisation pursued since 1984. In accord with their sponsor (the BRT), the three authors regarded the FPP system as more consistent with the continued pursuit of that policy agenda. They acknowledged that in the past FPP had allowed governments to introduce policies that had been economically damaging, but believed that the increasing sensitivity of the economy to global influences would discourage such policies in future.

MMP would strengthen national party organisations, and also increase the number of political parties represented. List MPs would be accountable to their parties rather than to voters, and party loyalty would be necessary for list MPs wishing to further their careers. Only in the case of electorate MPs would direct accountability to voters be retained. In practice the difference between the two classes of MPs would be small, as most voters tend to vote for the party rather than the candidate in FPP electorate contests. Nonetheless, the BRT report suggested with approval that in some cases strong candidates for unpopular parties might distance themselves from their party and so perhaps escape the effects of their party's low reputation.

The report noted that support for PR tended to be based on the notion that an election should produce a representative parliament, whereas that for FPP

is based on the belief that voters should directly choose a government. Under MMP, promises made during an election campaign have to be formally renegotiated later within the framework of a coalition or minority government. The BRT report noted the essential contestability of the concept of representation, and argued that a more representative parliament need not guarantee more representative policy outcomes. While MMP would strengthen the representation of minorities, it would reduce that of 'the median voter'. MMP would not so much increase participation, but shift the grounds for participation or non-participation: as the authors put it, 'individuals with strong ideological views are more likely to go to the polls because they will find at least one of the available parties to their liking. Individuals with moderate views, in contrast, will be less happy with all parties and perhaps less inclined to vote' (p.26).

The authors of the BRT report argued that parties in a government coalition under MMP would be less accountable to the electorate in general and more accountable to other coalition members. Yet they tended to approve of this, because politicians in other political parties are more informed than ordinary voters and therefore are likely to monitor the performance of a government more closely. However, such monitoring tends to focus more on 'good government' than on the keeping of pre-election commitments. The BRT authors agreed with the Royal Commission that MMP would weaken the power of executive government, and slow down the process of policy formation. Governments would be less likely to commit errors but also less likely to implement policy improvements. They agreed with advocates of PR that political instability would not be a significant problem under MMP, particularly given the high threshold; governments might be somewhat less durable, but policies would be more so. The lower durability of governments might also be an advantage if this reflected a response to voter dissatisfaction. On the other hand, necessary policies (such as further market liberalisation) might fail to be implemented.

The BRT report cited evidence that even in Germany, after nearly half a century in operation, understanding of MMP was low. In an election campaign only half of German voters understand that the party vote almost entirely determines the composition of the legislature.² While the authors of the Royal Commission report had noted the possibility of strategic voting under MMP designed to pervert the objectives of the system, they rejected it as remote; the BRT report made more of these issues.

On balance, the BRT authors rejected MMP because they expected that minority parties could extract excessive policy concessions from a government and that they, rather than the voters, could decide the government; that government would become less accountable because voters would be less likely to know which parties in a coalition to blame for particular policies; that promise-breaking would become 'institutionalised'; and that the influence of 'party machines' would increase, and parties would have greater control over candidate selection.

Both the Royal Commission and the BRT report relied not just on theory and deliberation, but also on empirical evidence. The Royal Commissioners visited Germany and other countries and analysed the literature on electoral

systems. The BRT authors deployed a range of data, much gleaned from the works of those who promoted PR. However, it was not always clear from their analysis whether a particular claim was derived from theory or evidence. Another weakness in their approach was a subtle idealisation of the operations of FPP systems. For example, the claim that voters find it more difficult to dismiss unpopular governments under MMP appeared to be based on the assumption that dismissing such governments under FPP is unproblematic – hardly consistent with much recent experience, not only in New Zealand but also in Britain, nor with the claim and evidence that governments would be a little less durable under MMP. This point is made not so much as an intervention in the continuing debate, but as a warning that it is the comparison of outcomes under MMP and FPP which most concerns us here.

The Royal Commission report also had its weaknesses. It, too, relied on extrapolations from assumptions, perhaps best characterised as being about reasonable rather than rational behaviour. These characterisations tended to lean toward optimism about MMP, much as those of the BRT report leaned toward pessimism. The Commission's expectation that the shape if not the detail of coalition arrangements would be known before an election was not borne out by the outcome of the first MMP election. The Royal Commission did not address the prospect of a rocky and uncertain transition from the old system to the new. This was probably because its members were largely convinced that their report would be ignored and that such a radical change in the electoral system was not politically practical. The Royal Commission saw its role as concentrating on the principles behind a change to MMP rather than as outlining details of a possible transition.

Contribution of Political Science

Many claims made by both sets of authors were made with direct or indirect reference to the literature of political science. Many of the issues have since been followed up by further analysis, and discussion among political scientists about the effects of electoral systems on voting choices and election outcomes has intensified over the last decade. Systematic empirical analysis has found evidence that turnout is higher under PR (Jackman 1987; Blais & Carty 1990). Minorities and notably women tend to secure better representation under PR (Norris 1987). Questions about the comparative accountability of governments under PR and FPP systems are harder to define and operationalise, but there is now at least some evidence to suggest that, under certain conditions, government accountability between elections may be better facilitated in moderate PR systems such as that of MMP than under FPP (Powell 1989).

The most sophisticated theory and research has been conducted on the relationship between electoral systems, party systems, and the influences of electoral systems on voter choices. (For the most recent contributions see Cox 1997 and Fey 1997.) It has long been accepted in political science that there is a reciprocal association between electoral systems and the structure of party systems. The relationship, sometimes described as Duverger's law, arises from the convergence of so-called mechanical and psychological factors

(Duverger 1954, 224; Palfrey 1989; Blais & Carty 1991, 79–80). The mechanical effect simply means that minor parties have difficulty in converting votes into seats under FPP (Rae 1967; Taagepera & Shugart 1993), because plurality systems benefit major parties by allocating more seats in government than their overall electoral vote count would warrant, generating ‘a manufactured majority’ (Rae 1967, 74–5; Lijphart 1994, 71–4). Therefore, if votes for various parties are spread fairly evenly across the country, FPP systems are strongly associated with two-party tendencies, in which the inferior electoral status of minor parties is often compounded by the effect of FPP to the point of exclusion from parliaments.

The logic of the mechanical factor is fairly obvious. Imagine three parties, which have the support of, respectively, 35, 33, and 32 per cent of voters across a whole country, in an FPP system. If those vote proportions were spread evenly across all electorates, the most popular party would take all the seats. Theoretically, then, at any one election the most extreme consequence of FPP would be one-party representation. In practice, however, there is always enough variation in the support for the first and second parties to ensure two-party (at least) representation. Perhaps the strongest party has more support in the country areas and towns, and the next strongest more support in the cities, in which case it will get some seats, perhaps enough to be a reasonably effective opposition. But if, say, the third most popular party has support spread evenly across the whole country, it is unlikely to get any seats, or at best, very few. Table 1.2 shows how the dominance of Labour and National from 1938 to 1993 owed much to the inability of new and minor parties like Social Credit, Values, the New Zealand Party, and NewLabour to win seats in Parliament commensurate with their overall levels of electoral support.

Countries with PR voting systems like MMP, which are intended to result in parties consistently winning almost the same proportion of seats as votes, usually have multi-party systems. However, there are enough exceptions to these tendencies to give some pause to generalisation. Canada and India, which have FPP systems, also have multi-party systems, because their party systems are highly differentiated by region. And some countries with PR systems have two-party systems, or ‘two block’ systems, which alternate between coalitions based on the centre–left and the centre–right, thus replicating in effect the familiar dynamic of two-party systems.

Different party systems, in turn, tend to promote the electoral system that nurtures them. The reciprocal nature of the association was evident in New Zealand’s transition to MMP. In the debates leading up to the referenda in 1992 and 1993, which finally determined New Zealand’s switch from FPP to MMP, the National and Labour parliamentary leadership, quite rationally, tried in vain to prevent reform. Party élites thinking strategically and rationally in Downsian or public choice terms will prefer a system that best advantages their party, according to its major or minor status. However, while opposition to PR among National’s élites remained solid, many Labour élites broke ranks, and a large majority of Labour voters joined a minority of National voters, to add crucial numbers to the side of electoral reform. The strongest advocacy and support for reform came from the leaders and supporters of minor parties, in accordance with their rational interests, but there were

Table 1.2: Seats and Votes 1938–96 (%)

Year	National		Labour		Other	
	Vote	Seats	Vote	Seats	Vote	Seats
1938	40	31	56	66	4	3
1943	43	43	48	56	9	1
1946	48	48	51	53	1	0
1949	52	58	47	43	1	0
1951	54	63	46	38	0	0
1954	44	56	44	44	12	0
1957	44	49	48	51	8	0
1960	48	58	43	43	9	0
1963	47	56	44	44	9	0
1966	44	52	42	42	14	6
1969	45	52	44	45	11	3
1972	42	35	48	60	10	5
1975	47	58	40	34	13	8
1978	40	54	40	42	20	4
1981	39	49	39	45	22	5
1984	36	39	43	59	21	2
1987	44	41	48	59	8	0
1990	48	69	35	30	17	1
1993	35	51	35	45	30	4
1996	34	37	28	31	38	33

some rational grounds for supporters of Labour to support PR given the fact that Labour's share of the seats did not match its share of the votes in previous elections. Indeed, Labour voters were the largest party grouping behind MMP in the 1993 referendum (Vowles *et al.* 1995, 178; Lamare & Vowles 1996).

Given PR's lower threshold for representation, it is easy to see that it is electorally cheaper to win seats under PR than FPP. As a result, more groups are tempted to 'go it alone' in pursuing this strategic objective, and more are likely to succeed. In the first MMP election, we would have expected there to be more parties in the field, offering electors a wider range of effective choice than under FPP. In the transition years between FPP in 1993 and MMP in 1996, this expectation was borne out. There was much talk in the media of political niche marketing in the MMP environment, and a number of new parties emerged in direct response to their founders' perceptions of the new structure of opportunities opened up by proportional representation. Electoral rules create incentives, and élites of varying persuasions respond accordingly.

In addition to FPP's mechanical effect of closing the parliamentary doors to small parties, a psychological effect is attributed to plurality voting systems. Knowing that the minor parties' candidates have little or no chance of being first past the post in their local electorate, and knowing that overall they are unlikely to be represented, electors have less incentive to cast a vote for

such parties than they would under a proportional system. Some minor party supporters choose not to waste their vote on their most preferred candidates in plurality systems (Riker 1982; Gunther 1989; Blais & Carty 1991). Instead, they cast their ballot for a candidate of one of the two major parties in order to have some say in the choice of government (Downs 1957, 48). To the extent that the psychological effect applies, therefore, it will lift the votes of the two main parties and depress the vote for minor parties (Duverger 1954, 126; Blais & Carty 1991, 89–91). We might expect to find higher voting for minor or threshold parties under MMP than would have occurred under FPP. Because of the 5 per cent threshold, we would also expect to find continued evidence of the psychological effect when voters do not expect parties to cross that threshold.

However, voting is not merely instrumental behaviour, intended to get a candidate elected. It is also expressive behaviour, a way for electors to identify themselves with an admired party leader or a general approach to politics; or equally, perhaps, to make a point in protest against current policies or leadership. Consequently, the psychological effect does not entirely prevent voting for parties with hopeless causes. Indeed, as the next chapter suggests, the psychological effect may be not be strong enough to differentiate greatly between the effective number of parties found in FPP and PR systems.

Because MMP is a mixed system we should expect both the mechanical and psychological effects to remain active in electorate vote choice. Given the difficulty minor parties have in converting votes into seats in a plurality system, it would seem likely that not all parties who present party lists would contest electorate seats. Those who do will be faced with the problem of convincing voters to support their candidates if they stand little chance of being first past the post. A likely scenario is for minor parties to emphasise the party vote while major parties with strong candidates will continue to contest the electorates, concentrating on those that are the most competitive. Persons who favour parties that do not field viable candidates will split their vote by giving their party vote to their preferred party if it is likely to cross the threshold, but will give their electorate vote to an acceptable but more viable alternative candidate. Aside from psychological effects, if voters have multiple preferences for parties and/or candidates of different parties, they may also tend to split their votes.

Parties that share common policy positions may encourage this behaviour in anticipation of a coalition government, although this strategy is more likely to be encouraged by a minor party. The major party is likely to be ambivalent, if not opposed, as there are risks of either under- or over-shooting the threshold, thus either wasting more votes than would otherwise be the case, or rewarding the minor party with more seats than necessary at the expense of the major party. A safer strategy for a major party is to assist the minor party to cross the threshold by refraining from running a candidate in an electorate which the minor party would consequently be likely to win. The major party must persuade its members in the electorate concerned that they should not run a candidate, and needs to gain the co-operation of its supporters so that they cast their electorate votes for the smaller party. Not all may do so, and the electorate may fall to another party after all. The gains for the major party

are likely to be small, and not necessarily worth the effort. Meanwhile from the point of view of the minor party, such a gift is double-edged, as it removes or at least reduces the incentive for major party supporters elsewhere in the country to cast their party votes for the minor party to assist it over the threshold. Such tactics have been used in Germany, but without significant advantage to the parties concerned, and consequently there have been no such electorate arrangements there over the last 30 years.

None of the strategies so far discussed have the potential to significantly distort or reduce the proportionality of MMP. Proportionality is, of course, the major rationale for MMP. Consequently, any strategies directly aimed at distorting that objective are of concern. The BRT report explicitly outlined such a strategy, and its suggestions were later taken up by some politicians. The potential for distortion is found in the two categories of members, and how they interrelate. Electorate seats won are *fait accompli*, and cannot be withdrawn from a party. Yet in situations where a single stronger party faces a highly fractionalised opposition, it is conceivable that that party may gain more electorate seats than the total number of seats to which it is entitled by the party vote. This 'overhang' or, in German terminology, 'surplus mandate' cannot be corrected. Even though the size of Parliament will increase by the amount of the overhang, it will remain an advantage for the party which has received it, all other parties simply being allocated seats as a proportion of the normal number of seats, 120. In most feasible cases, the amount of overhang will be small, and only rarely likely to be of major significance.

However, apparently sophisticated devious strategies could further exploit the potential for overhang. During the transition period 1993–96, some National strategists proposed that their party split into two, one party to run in the electorates and not for the list, and the other for the list, but not in the electorates. The electorate-only party would gain a good share of the 65 seats available, while the list-only party would be entitled to its share of the list seats without any subtraction of electorate seats from that total. Because of the way that MMP treats independent candidates and parties not standing list candidates, the size of Parliament would increase by the number of electorate seats won by National's electorate-only party, with all other seats allocated proportionally out of 120, giving the two National parties combined a parliamentary majority because of the artificially induced overhang.

The organisational and political leadership of the National Party rejected these proposals, for very good reasons. Those arguing for 'devious strategy' failed to take into account the difficulties of communicating the strategy to voters, and the negative reaction that its cynicism would provoke. And the strategy would inevitably be emulated by other parties.

A residue of deviousness lingered, however, in some quarters of the National Party and among the small struggling centre–right parties seeking to establish themselves in Parliament. As explained in the next chapter, some National voters were encouraged to vote for United and ACT. The small centre–right political parties continued to tout for the votes of major party supporters, picturing the party vote as a second 'conscience' vote to keep major parties honest. They were encouraging the misinformed belief that the electorate vote is as important as the party vote in determining the party

composition of Parliament. Yet it could only assume that importance under the conditions of significant overhang, and therefore at the expense of the proportionality. Because the extreme strategic vote splitting advocated was unlikely to be widely practised, the marginal effects of their advocacy, if any, would simply advantage the minor parties to the disadvantage of the major parties.

Conclusion

This sketch of the links between voting systems, the structure and strategic environment of party systems, and the psychology of voting sets the scene for the following chapters. On the face of it, the advent of MMP harboured the potential for considerable, even massive electoral change. This book tests a series of conjectures about such change. But a general warning is in order. Evaluating the effects of electoral system change is problematic, because other change continues throughout the process of transition. Some developments may be independent of electoral system change, such as decline in support for one political party and an increase in support for another, which would have happened had no change taken place. For this reason our parallel focus in this book on the election itself should be seen as, in part at least, a 'control' against ascribing too much to electoral system change. Meanwhile, other changes identified may be continuations of long-term trends which themselves contributed toward system change – for example, an increase in the number of political parties. Others again may have occurred because electoral system change has acted as a catalyst for their fulfilment, but otherwise might have emerged anyway, over the longer term. We must therefore look back before 1993 in order to identify any such long-term trends. Change that is directly the result of new electoral rules will be hard to isolate, but will be a major target in what follows.

Notes

- 1 A 'plurality' is distinct from a majority. A plurality means the largest number of votes among more than two alternatives; a majority means more than 50%.
- 2 In Germany, some combinations of split votes can only be interpreted as a result of confusion, and many voters fail to appreciate the prime importance of the vote that determines party proportionality (Jesse 1988, 119). This confusion is greatly assisted by the nomenclature: the electorate or district vote is known as the first vote, and the crucial party vote is known as the second vote.