



Forecasting and Evaluating the Consequences of Electoral Change in New Zealand¹

Jack Vowles^a, Susan A. Banducci^b and Jeffrey A. Karp^c

^aDepartment of Political Studies, University of Auckland, Auckland, New Zealand.

E-mail: j.vowles@auckland.ac.nz

^bDepartment of Politics, University of Exeter, Exeter, UK and Department of Political Science, University of Twente, The Netherlands.

E-mail: susanbanducci@hotmail.com

^cDepartment of Politics, University of Exeter, Exeter, UK and Department of Political Science, University of Twente, The Netherlands.

E-mail: jeffrey.a.karp@gmail.com

The debate in New Zealand over whether to adopt a mixed-member proportional (MMP) system was based on a number of predictions about the effects of electoral systems. After four elections under MMP we are now in a better position to evaluate the validity of these claims. We find that both proponents and opponents made claims that proved to be true but there were also unforeseen consequences that neither side predicted.

Acta Politica (2006) 41, 267–284. doi:10.1057/palgrave.ap.5500159

Keywords: accountability; electoral reform; legitimacy; mixed-member proportional systems; responsiveness

Introduction

In 1996, after nearly a century's experience of a single-member plurality (SMP) electoral system, New Zealand held its first election under a mixed-member proportional (MMP) electoral system. Under MMP, voters cast one vote for a constituency or 'electorate' MP in a single-member district (SMD) and another for a political party. The latter vote, referred to in New Zealand as the 'party vote' is ultimately the most important as it determines the overall partisan composition of parliament. Of the 120 members of parliament, slightly more than half are directly elected by SMP rules while the remaining members are elected from a closed party list. Parties gain representation by either winning a constituency seat or by winning 5 per cent of the nationwide party list vote.

Adopting Electoral System Change

Electoral system change in New Zealand is best understood in the context of the country's relatively unique political system. As the country has a



unicameral parliamentary system, an appointed Head of State with limited powers, and no 'fundamental law', the powers of the New Zealand government were described, prior to the adoption of MMP, as 'unbridled' (Palmer, 1979). An SMP system combined with few checks on government power meant that single-party majority governments could hold office on a basis of much less than half the valid votes. From 1935, two major parties dominated Parliament. As smaller parties emerged, the major parties' shares of the votes steadily fell from mid-century. By the 1990s, the relationship between vote shares and seats had become increasingly disproportionate. The catalyst for electoral system change was a succession of two elections in 1978 and 1981 in which the governing party was returned to power with fewer votes than the opposition. In 1984, a Royal Commission was appointed to look into the electoral system, given wide terms of reference, and a membership of genuinely open-minded persons. In 1986, it recommended adoption of MMP, if approved by referendum (Royal Commission on the Electoral System, 1986).

Adopting MMP: Expectations

Advocates of MMP wished to reduce the odds that a single political party could gain a majority of seats in Parliament and govern alone with 'unbridled power'. A model of government based on coalitions or minority governments was posed as the alternative. The main thrust of the Report of the Royal Commission was, as Katz argues (1997, 307), to encourage more broadly based majority government. Opposition to MMP came from the New Zealand Business Roundtable (BRT), an organization of chief executives of major New Zealand business firms who become members by invitation. It advocates policies that promote 'a free enterprise system and market-oriented economy'. Before the first of two referendums in 1992 and 1993, the BRT, commissioned a defence of the SMP system taking a neo-liberal position favouring market-driven policies (Cowen, *et al.*, 1992). A summary of the claims of proponents and opponents discussed in this paper can be found in Table 1.

Government responsiveness and accountability

The Royal Commission and the Report from the BRT relied on somewhat different theories and evidence. There were some similar expectations about outcomes but different judgements about the consequences. In terms of government formation, both advocates and opponents agreed that under MMP coalition governments would be more likely. However, they disagreed over the implications for government accountability and responsiveness.



Table 1 Summary of main expectations about changing the system to MMP and possible outcomes

	<i>Advocates</i>	<i>Opponents</i>
<i>Responsiveness and Accountability</i>		
Coalition government	More responsive	Less responsive
Dismissing unpopular governments	No impact	More difficult
Small parties	Coalition arrangements will be known before election	Coalition arrangements may produce or continue unwanted or unexpected government coalitions
Party strength	Increase	Increase
List MPs	Accountable to voters and more responsive through the parties	Accountable only to parties
Electorate MPs	Stronger ties to constituents. Less beholden to parties	Harder to defeat because parties can keep them in parliament by placing them on the list
Policy	More deliberation	Inability to respond quickly to external shocks
<i>Representation</i>		
Representation of women and Maori	Greater	Greater
Voter preferences	Representation for more ideologically diverse views	Less representation for the median voter
<i>Legitimacy</i>		
Understanding of the System	MMP will not be difficult for voters to understand with sufficient education	MMP too difficult to understand leading voters to cast votes inconsistent with their preferences
Small parties	Voice for those previously excluded	Legitimacy threatened by small parties exerting too much influence
List MPs	No impact	Less legitimacy because they are not elected by voters
Confidence	Greater	No difference
Turnout	Higher	No overall increase but shift incentives for participation

The Royal Commission's Report argued that MMP would reduce the likelihood of single-party majority governments that could govern without restraint, but it would not significantly reduce the stability, decisiveness and effectiveness of governments because the relatively high threshold under MMP of 5 per cent of the party vote or one constituency seat would prevent the proliferation of an excessive number of small parties. Governments under



MMP would take longer to make decisions on contentious issues, but electors would welcome more consultative government and greater policy continuity. Parliament would become more effective and parliamentary committees would become more significant policy actors. MMP would strengthen the policy roles and effectiveness of political parties. It would encourage the recruitment of candidates with skills, knowledge and experience, and able members could be made less vulnerable to defeat.

The BRT 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. The BRT Report favoured SMP because it had made governments more responsive in terms of rapid responses to major policy problems or exogenous shocks. While the BRT acknowledged that the SMP system had allowed previous governments to introduce economically damaging policies, it argued that MMP would also 'decrease the ability of a government to respond favourably and effectively to changing international constraints'.

The opponents of MMP also argued that coalitions remove the choice of government from electors and places it in the hands of parties. The Royal Commission, however, 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. Additionally, the BRT expressed concern about the ability to dismiss unpopular governments. They reiterated Sir Karl Popper's argument that under PR governments are less likely to be dismissed and ensure the retrospective accountability of 'throwing out the rascals' (Popper, 1987, 1988).

Both opponents and proponents were concerned about the accountability of individual MPs. The Royal Commission suggested that electorate MPs would be directly accountable to electorates and list members would remain indirectly accountable to voters through their political parties' selection processes. According to opponents, MPs would be accountable to their parties rather than to voters because party loyalty would be necessary for list MPs wishing to further their careers. In the debates before the 1993 referendum which decided on the change to MMP, opponents attempted to discredit it by focusing on the use of closed lists, raising the spectre of MPs defeated in their electorates being returned to the House as list MPs, having secured a favourable place on their party's list by deferring to party 'bosses'. From the BRT position, only electorate MPs would be directly accountable to voters, and government parties would be less accountable to the electorate in general and more accountable to other coalition members.



Representation

For advocates, MMP was particularly attractive because it would retain direct electorate representation via single member districts for about half of the members of Parliament, and thus would assure effective representation of constituents. 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 than that of their local MP.

Both advocates and proponents agreed that MMP would increase the representation of women and minorities, particularly through the party lists, increasing social diversity in parliament. Under the SMP system, representation of the indigenous Maori population was guaranteed through electorate seats reserved for persons of Maori descent. The Royal Commission argued that the Maori seats would no longer be necessary under MMP. However, strong Maori advocacy to retain separate constituency representation under MMP was successful. Indeed, the number of Maori constituencies, fixed under the SMP system, is allowed under MMP to vary according to the number of persons of Maori descent who wish to enroll.

While proponents asserted that parties would tend to differentiate themselves ideologically under MMP and reflect the views of a broader range of voters, opponents argued that parties would be less able to put ideological objectives into effect. The BRT report noted the essential contestability of the concept of representation, and argued that a more socially representative Parliament need not guarantee more representative policy outcomes. Furthermore, the BRT report argued that with more ideologically diverse parties, the preferences of the 'median voter' would be less likely to be represented.

Legitimacy

According to the Royal Commission, MMP would have a positive impact on political attitudes and behaviour. Voting would be more effective, particularly for those supporting smaller parties. As seats are allocated proportionally along the party vote, voters in safe electorates would also have as much incentive to vote as those in closely contested electorates. As a consequence, MMP would enhance voter participation in politics and thus electoral turnout. However, according to the BRT report, MMP would not increase participation, but would shift the grounds for 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, may be less happy and perhaps less inclined to vote' (p. 3.26).



The BRT report also argued that MMP was too complex, citing evidence from Germany that after nearly half a century in operation public understanding of MMP remained low. The Royal Commission Report acknowledged the possibility that strategic voting could pervert the objectives of the system, but they rejected this as a remote possibility. The BRT report made more of this. It argued that parties would have an incentive to split, one faction of the party running for the party vote and list seats, and the other faction running for constituency seats only. The potential of such a 'devious strategy' was recognized early by some parties although discouraged by later amendments to electoral law. The BRT also noted incentives for existing parties to form alliances, particularly by withholding a candidate from an electorate seat in order to allow another party to cross the threshold.

The BRT authors rejected MMP because they expected that minority parties would decide the government, rather than the voters, and would extract excessive policy concessions. They also argued that government would become less accountable because voters would be less likely to know which parties to blame for particular policies in a coalition government. Additionally, the BRT report suggested that under MMP promise breaking would become 'institutionalized' and that the influence of 'party machines' would increase because party leaders would have greater control over candidate selection.

Consequences

Accountability and responsiveness: fractionalization and pivotal players

As predicted, smaller parties that had little or no parliamentary representation won more seats after MMP. As Table 2 demonstrates there was a decline in the proportion of votes for the two major parties: the major party share of the vote fell to 62% at the first MMP election in 1996. In 2005, the two-party vote recovered to 80% similar to the last elections under FPP. Under MMP, New Zealand elections became increasingly proportional. Immediately after the 1999 and 2002 elections, seven parties were represented in Parliament and, in 2005, eight. The major opposition party is also better represented in the House than it might have been under the SMP system. Neither major party has been able to command a majority in its own right under MMP. Major parties have been required to seek coalition partners and, after 1998, additional parties not in government were needed to assist the government by agreeing to vote for it on confidence and supply.

Given the objective of a fair electoral system, there was some concern that MMP would produce an 'overhang' where a party would win more electorate seats than entitled by its share of the party vote. In three out of four MMP elections this has not been a problem. However, in 2005, the Maori Party won



Table 2 Electoral and party system changes, 1975–2005

	<i>Effective</i>		<i>Actual</i>			
	<i>Elective N parties</i>	<i>Parliamentary N parties</i>	<i>N of Parliamentary parties</i>	<i>Two-party vote %</i>	<i>Valid votes as % age-eligible population</i>	<i>Gallagher's index proportionality</i>
<i>SMP</i>						
1975	2.6	1.9	2	87.2	80.2	12.9
1978	2.9	2.0	3	80.2	82.1	15.6
1981	2.9	2.1	3	77.8	83.1	16.6
1984	3.0	2.0	3	78.9	85.5	15.4
1987	2.3	1.9	2	92.0	80.0	8.8
1990	2.8	1.7	3	82.9	76.0	17.4
1993	3.5	2.2	4	69.8	76.7	18.2
<i>MMP</i>						
1996	4.4	3.8	6	62.0	78.4	4.4
1999	3.9	3.4	7	69.2	74.9	3.0
2002	4.2	3.8	7	62.2	71.7	2.5
2005	3.0	3.0	8	80.2	76.1	1.1

Source: Electoral Commission (2003), Nagel (1988).

four of the Maori electorates, and because many of its electorate voters voted for Labour for the party vote, the Maori Party won one more electorate seat than its share of the party vote would have justified, raising the size of Parliament to 121.

Under MMP, the number of electorate seats is allowed to vary with enrolment but the overall size of parliament remains fixed at 120 seats (unless there is an overhang). The number of Maori seats varies with enrolment, and the South Island is guaranteed a minimum of 16 seats. As the population in general is increasing more in the North Island the number of constituency seats is increasing over time. Eventually there may be insufficient list seats to play a fully compensatory role.

Critics of proportional representation predicted that under MMP small pivotal parties would have excessive policy influence, and perhaps an excessive share of Cabinet seats. New Zealand First played a pivotal role in coalition formation following the 1996 and 2005 elections. Between 1999 and 2002 the Alliance was the smaller party in a coalition with Labour and had some influence over re-establishing state owned retail banking and extension of parental leave rights. From outside the government, the Green Party had some influence over the Labour-Alliance coalition, mainly on the issue of genetic modification. However, Labour instituted a regulatory regime inconsistent



with the policy preferences of the Greens and they were at odds with Labour at the 2002 election. On the one hand, smaller parties felt they did not have the influence they deserved given their parliamentary representation. On the other hand, one might say the larger parties have been successful at keeping the influence of smaller parties within bounds.

After the 2005 election, Labour and its centre-left allies lost their parliamentary majority. In the absence of an alternative centre-right majority, Labour was able to form a new government based on ‘enhanced confidence and supply’ agreements with the two centre parties, United Future and New Zealand First, giving each party a Ministerial position outside Cabinet, and considerable policy concessions. The arrangement also allowed Labour to legislate for its main election promises. These unusual arrangements drew much criticism on the grounds of dilution of Cabinet collective responsibility, particularly as one of the positions outside Cabinet was Minister of Foreign Affairs.

Increasing diversity

The consequences of MMP are more clear with respect to the representation of minorities and women. Table 3 shows that the New Zealand experience under MMP bears out other findings that party lists enhance women’s representation. Party candidate selection also shapes women’s representation. Under the SMP system the Labour Party had been selecting increasing numbers of female candidates in winnable seats. Some other parties were beginning to do the same (Electoral Commission, 2003, 178–181). The list seats have delivered more female MPs, and are largely responsible for the overall increase in women’s

Table 3 The New Zealand parliament and descriptive representation

	<i>Women</i>			<i>Maori</i>			<i>Pacific Island</i>			<i>Asian</i>		
	<i>E</i>	<i>L</i>	<i>All</i>	<i>E</i>	<i>L</i>	<i>All</i>	<i>E</i>	<i>L</i>	<i>All</i>	<i>E</i>	<i>L</i>	<i>All</i>
<i>SMP</i>												
1987	14.4		14.4	5.1		5.1	0		0	0		0
1990	16.5		16.5	5.1		5.1	0		0	0		0
1993	21.2		21.2	7.1		7.1	2.5		2.5	0		0
<i>MMP</i>												
1996	15.4	45.5	29.2	10.8	16.4	13.3	1.5	3.6	2.5	0	1.8	0.8
1999	23.9	39.6	30.8	13.4	13.2	13.3	3.0	1.9	2.5	0	1.9	0.8
2002	27.5	29.4	28.3	14.5	17.6	15.8	4.3	0.0	2.5	0	3.9	1.7
2005	23.2	46.2	33.1	10.1	25.0	16.5	4.3	0.0	2.5	0	3.8	1.7

Source: NZ Electoral Commission (2003, 178–182) and 2005 election returns.



representation. However as the lists deliver somewhat less than half the seats, there is a ceiling on their effectiveness in increasing women's representation. The effectiveness of either method of electing MPs depends on the emphasis a party places on nominating women candidates. For example, in 2002 the increase in the number of women winning in electorate seats was due to Labour winning an unusually large number of electorate seats while also nominating a large number of women in electorate contests. Therefore, after an initial decline in 1996, the electorate seats have also delivered a higher proportion of female MPs than under SMP.

Maori representation has also increased. This is due both to the party lists and to the increase in the number of Maori seats from four to seven. Representation of those of Pacific Island origins has been most successful through electorate seats, due to the spatial concentration of those groups and their successful political mobilization by the Labour Party. Asian New Zealanders have gained representation, so far, solely through the lists, and are still under-represented although that has much to do with the recent immigration of many in this group.

Electorate vs list: two classes of MPs

The use of the closed party list remains controversial. Opponents argued that list MPs would be selected secretly and would lack accountability to voters. MMP advocates saw list MPs as potentially more responsive to the party organizations that would select and rank them, offsetting the influence of parties' parliamentary leadership on backbench MPs, and thus enhancing party democracy.

Developments have not been entirely consistent with either set of expectations. The line of accountability for list MPs runs in the first instance to their parties, which may rank them lower on the list on performance grounds, if they are unsupportive of the leadership, or if it is thought they have served long enough in politics. New Zealanders had no prior experience with party lists to elect their representatives, and consequently their use raised questions of legitimacy. Scandals and perceived incompetence of certain list MPs also helped to stimulate the criticism leading to widespread dissatisfaction with list MPs in general (Karp, 2002; Banducci, 2003). Meanwhile, MMP has made electorate MPs even more personally responsive to constituents because voters can cast their party vote for the preferred party and cast an electorate vote for a popular electorate MP.

In evaluating responsiveness, evidence suggests that list MPs are in contact with fewer voters than electorate MPs partly because Parliament gives them less funding to maintain such contacts (Karp, 2002). Nevertheless, some list MPs seek to provide similar services in their local or regional communities.



This sometimes causes conflict with the local electorate MPs. Others see their role as more focused in Parliament, and this has been the more recent tendency (McLeay and Vowles, 2006). Where list MPs represent smaller parties differences in their roles are shaped by this as much as anything else. At the first two MMP elections, the two major parties took slightly less than half the list seats, and in 2002 only a quarter. However, in 2005 they took just over 70 per cent. It is in the major parties where uncertainties about the two roles have been most acute and uncertain. In terms of public perceptions, people actually in contact with list MPs rate their performance no worse than those in contact with their electorate MPs (Vowles and Aimer, 2004, 170–171).

The median voter

According to theory, a more fragmented party system should have encouraged parties to move away from the median voter. Comparison of the issue positions of the average voter and the average candidates by party between 1993 and 1996 indicated only limited and inconsistent evidence of shifts from the median voter (Banducci and Karp, 1998, 151). By 1999, there was more evidence of divergence but it remained weak, largely because parties had not clustered around the median voter at the last SMP election in 1993 as much as theory might have predicted (Karp, 2002, 144).

To estimate the ideological positions of parties, Table 4 displays average candidate survey scores on 'left-right' economic issues. Between 1993 and 2002, the National Party moved considerably to the centre, as did the New Zealand First Party. Compared to its National predecessor, in 1996 the coalition government moved significantly to the centre as a result of the participation of New Zealand First. The left retains a moderate distance from the average voter, and the right has moved to a more moderate position. As far as the two major parties are concerned, the party system has become less polarized under MMP. In 1993, both Parliament and the Government were significantly to the right of the average voter. In 2002, the average MP and the average voter were at the same point on the social and economic left-right scale.

Turnout

In the first election under MMP in 1996, turnout increased as expected (see Table 2). Indeed, it had increased slightly in 1993 in tandem with the referendum held to decide whether or not to change the system. Although not large, these increases in turnout represented a reversal of downward shifts at the 1987 and 1990 elections. There is some evidence that the turnout increase was slightly higher among left-leaning voters, at least in 1996 (Karp and Banducci, 1999). In addition, voters show higher levels of efficacy under MMP,



Table 4 Party candidate means, the average voter, government and parliament means, economic left–right, 1999–2002

	1993	1996	2002
Labour	66	64	67
National	28	27	38
L — N	38	37	29
NZ First	69	63	57
Alliance	80	83	81
Act		21	25
Green			73
PC			63
United future		33	51
Voter mean	58		55
Parliament mean	47	49	55
Government mean	28	36	67
Government/voter difference	30		12

Note: 100 = most left, 0 = most right.

Source: NZES candidate and voter surveys, 1993–2002. Scales derived from second-order factor analysis of attitude questions. See Banducci and Karp (1998), Karp (2002) and Vowles (2004). Government mean based on party candidate scores weighted by Cabinet shares post-election, Parliament mean by percent of seats in the House.

particularly political minorities (Banducci *et al.*, 1999). However, in 1999 and 2002 turnout fell, restoring the slope of the immediate pre-MMP slide (Vowles, 2002). An even longer-term decline in voting is mostly due to younger cohorts entering the electorate being less likely to vote than older cohorts, and to some extent responding to lower electoral competitiveness (Vowles, 2006). In the 2005 election, which was more competitive, the proportion of valid votes cast increased by 4.4% on an age-eligible population base. As a result of MMP, turnout may be higher than it would have been had New Zealand retained the SMP system, but changing the electoral system has not offset the long-term trend.

Political trust

With governments closer to the median voter, and governments apparently delivering their promises — at least more so than governments immediately prior to the shift to MMP — and a good run of economic growth from about 1999 onwards, New Zealanders have reasons to feel happier about the political process than in their immediate past. Table 5 displays trends since 1993 in the public's trust in government and MP's. In 1998, the post-MMP confidence



Table 5 Changes in attitudes to politicians, government, and democracy 1993–2002 (Percent in agreement)

<i>Years</i>	<i>1993</i>	<i>1996</i>	<i>1998</i>	<i>1999</i>	<i>2001</i>	<i>2002</i>
MPs out of touch	61	53	76	52	56	49
People like me have no say	63	57	—	55	—	46
Politicians do not care what people think	66	57	—	55	—	50
Government run by a few big interests	60	54	—	50	—	42
Satisfaction with democracy	—	73	45	57	60	67
Trust government to do what is right	31	30	26	36	47	44
Trust in a political party**	44	54	—	59	—	65
Trust in the Labour Party	13	23	—	36	—	42
N	2205	4086	535	5601	729	4500

Notes: 1. All data are based on NZES post-election surveys except for the mid-term surveys conducted in July 1998 and July 2001.

2.**Would you describe (party) as trustworthy or untrustworthy? In 1993 and 1996, National, Labour, Alliance, NZ First; in 1999 National, Labour, Alliance, NZ First, and ACT; in 2002 National, Labour, Alliance, NZ First, and Green.

took a blow just before the collapse of the coalition government. Since then, however, the trend of most questions of trust and satisfaction has moved in a positive direction.

Voter understanding and party manipulation

Critics of electoral system change had argued that a combination of strategic behaviour by political parties and low public understanding of MMP could produce perverse and anomalous election results not accurately reflecting public preferences. Both Labour and National used the electorate threshold to ease the way for potential small party allies to enter and stay in Parliament. In 1996, National allowed the United Party to win an electorate seat by not contesting the race. National also encouraged its voters to cast a strategic vote in an electorate for Act, a natural coalition partner, to help it cross the threshold. Labour played the same game in 1999 to assist the Greens. United's National-assisted victories in 1996 and 1999 had no political significance, although the party's continued presence in Parliament paid off in 2002, when a later incarnation of the party received significant national support. After the election, United Future proved to be instrumental by agreeing to provide support on confidence and supply to a Labour-led government. By 2002, both Labour and National had backed away from such electorate-seat deal-making but voters continued to respond to small parties' efforts to exploit the electorate threshold for their survival.



Potential confusion about the relative importance of the two votes in a mixed system was also a concern. Although some may find the system complex, there is no evidence to suggest that a lack of knowledge about MMP significantly influences voting behavior (Karp, *in press*). The major concern should be whether or not party votes are cast with appropriate knowledge. By the end of the election campaign about 60 per cent of voters usually agree that the party vote is the more important of the two, similar to Germany (Karp, *in press*). The extent of split voting has been higher than expected ranging from 39 per cent in 2002 to 28 per cent in 2005. However, those who split their votes are more likely to understand the system (Karp *et al.*, 2002).

Unforeseen Consequences and Lessons Learned

Although many of the predictions about MMP proved to be correct, there were several issues that were unforeseen. The first and most predictable problem encountered was government formation, which proved more difficult in 1996 than many expected. Government formation after an election has proceeded more smoothly in subsequent elections as public and party experience increases. However, a difficult situation after the 2005 election put further pressure on the process. More unintended consequences were party switching (or ‘hopping’), higher parliamentary turnover and the importance of crossing the threshold with an electorate seat.

Government formation

In 1996, New Zealand entered the world of proportional representation with no generally agreed rules, procedures, or well-established conventions for establishing coalitions (Boston, 1998). The 1996 election night results gave the New Zealand First Party, a centrist Populist Party led by Winston Peters, the balance of power. Uncertainty ruled for nine weeks until New Zealand First decided to participate in a National-led government. Initial expectations that New Zealand First would go into coalition with Labour were quickly dispelled and the government soon became unpopular. This protracted coalition formation produced a negative reaction from voters (Karp and Bowler, 2001).

New Zealand First played a pivotal role again in 2005. During the 2005 campaign, under extreme pressure to clarify his position, Peters declared that ‘according to constitutional convention — the party which gains the most seats is the party which must first try and form a government. We will support this constitutional convention...’ (Peters, 2005). Peters also said that his party would stay outside a coalition and not accept ‘the baubles of office’. However, the result of the election put New Zealand First in the position to resolve a



potential deadlock between two alternative blocs of parties. Peters was offered the job of Minister of Foreign Affairs by the National Party. With a two-seat plurality over National, and a potentially less volatile combination of parties behind it, Labour secured Peters' support by matching the National offer.

Party hopping

MPs elected under SMP in 1993 failing to secure a safe seat or high list placing as the transition to MMP intensified set off the first wave of 'party hopping'. Large parties could lose seats and would certainly have fewer electorates and MPs at risk had an incentive to form new parties. Between 1993 and 1995 nine MPs left National to new centre-right or centre parties, and four left Labour to centre parties (Vowles, 1998, 14). Few had thought through what might happen during the transitional process. More seriously, the phenomenon continued after the first MMP election.

Under the Labour-Alliance coalition government formed after the 1999 election, the Electoral Integrity Act was passed into law to prevent or at least penalize 'party-hopping'. However, the Act proved unable to meet the problem presented by a split in the Alliance party in 2002. The party leader and most of the parliamentary party announced their departure from the party but remained official Alliance MPs. The election was brought forward, in part, to resolve this anomaly. Later, the law was used to expel an Act MP who had been forced to leave the party because of impending prosecution for fraud. The Electoral Integrity Act expired at the 2005 election. As part of its agreement with New Zealand First the Labour-led government agreed to renew the legislation permanently.

The electorate seat threshold

The electorate seat threshold to parliament has proved to be much more significant than anticipated. Polling suggesting that Act in 1996 and the Greens in 1999 would win electorates probably helped both parties over the 5 per cent party vote threshold. In 1999 despite New Zealand First's vote losses the party secured parliamentary representation without winning 5 per cent of the vote because the party's leader, Winston Peters, was re-elected in his constituency by 63 votes, bringing in four more MPs on his coattails. Had New Zealand First failed to cross the threshold, the incoming Labour-Alliance coalition would have been able to form a majority rather than a minority government.

The constituency seat threshold has resulted in a more fragmented party system than would have been the case without it. This is particularly evident after the 2005 election, when three small parties were able to take a pivotal role in government formation. Proportionality as measured by Gallagher's index



has intensified under MMP, and is now very high indeed, much higher than the architects of MMP would have imagined when they recommended a party vote threshold (see Table 2). This aspect of the threshold can also shape small parties' internal politics. In government the Alliance and New Zealand First lost polling support. Both had party leaders with relatively secure constituency seats which gave them a great deal of leverage within their parties as prospects of reaching the 5 per cent threshold at the next election diminished.

Parliamentary turnover

Another unexpected consequence of MMP is somewhat higher parliamentary turnover. As Table 6 shows, about 25 per cent of the parliament has been replaced in each election under MMP, as compared to an average under SMP of a little below 20 per cent. Parliamentary turnover was very high in 1990, but that was an unusual election (Jackson, 1994, 258). Table 7 shows that under MMP most turnover is due to the defeat of list MPs. The proportion of list MPs who fail to return to parliament has been increasing in each election, reaching a high of 44 per cent in 2005. In comparison, only one electorate MP was defeated in the constituency contest in 2005 and that MP returned to parliament via the list. In 1999, although almost a quarter of the electorate MPs were defeated in constituency contests, half returned via the list, resulting in an effective defeat rate of 12 per cent. The transfer of defeated electorate MPs to list seats depends on party candidate selection strategies. In 1999 and 2005, the two parties losing the most electorate seats gave high list places to electorate MPs who were vulnerable. In 2002, the 5 per cent of electorate MPs who were defeated were not as fortunate. Comparative evidence suggests that lists enhance turnover, with mixed systems in an intermediate position (Matland and Studlar, 2004). Enhanced incumbency effects for electorate MPs

Table 6 Parliamentary turnover under SMP and MMP

<i>Average</i>	<i>Defeated</i>	<i>Stood down</i>	<i>Total</i>
(1946–1984)	8.6	10.2	18.8
1987	6.2	11.3	17.5
1990	22.7	16.5	39.2
1993	16.5	3.1	19.6
1996	17.2	12.1	29.3
1999	13.3	12.5	25.8
2002	15.0	10.0	25.0
2005	17.5	6.7	24.2

Note: Calculated on a base of the size of the outgoing parliament.

Sources: New Zealand Electoral Commission (2000, 2003), Wood (1996) and Jackson (1994).



Table 7 Defeated MPs, electorates and list (%)

	<i>Electorate MPs</i>	<i>Electorate MPs returned via list</i>	<i>Effective defeat rate for electorate MPs</i>	<i>List MPs</i>
1999	23.3	50	12	24.4
2002	5.2	0	5.2	32.0
2005	1.5	100	0	43.5

and dual candidacy act as a break on the effects of lists on turnover in New Zealand's mixed system, but so far at least, from Parliament to Parliament, more MPs have departed under MMP than under the SMP system (possibly in anticipation of defeat).

Conclusion

Although MMP has had some desired effects it remains controversial. The National Party wishes to shift back to a majoritarian system. Support for MMP measured in opinion polls waxes and wanes, although it had the support of a small majority after the 2002 election. Politicians remain unpopular, a sentiment reflected in support for a reduction in the size of Parliament. As part of the change to MMP, the size of the House was increased from 99 to 120. A non-binding citizens' initiated referendum in 1999 registered a strong vote for a 99-member House but subsequently ignored by the government. This remains a source of discontent.

Perhaps the most fundamental consequence of the shift to MMP is that the electoral system has become a partisan issue. Obviously, most of the small parties favour MMP, as without it they would have little or no parliamentary representation. While senior politicians in both the Labour and National parties opposed MMP at the outset, many of those in the Labour Party are now more supportive of the system. Labour has led two successive and successful governments under MMP, and at the end of 2005 was beginning to lead a third, albeit in more difficult circumstances.

National's experience has been less positive. Most of its leaders remain opposed to MMP. When it returns to office, National will seek to hold a referendum, and senior National politicians are likely to advocate a non-compensatory mixed system with a much smaller number of list MPs. A non-compensatory system, however, would likely be not much more proportional than an SMP system. If such a question were put before the voters the outcome would be unpredictable. New Zealanders would like to see fewer MPs, particularly fewer list MPs. Many do not understand the compensatory

mechanism, or its purpose. A majority favour proportional representation, but not necessarily MMP.

This is a debate that, sooner or later, will move back on to the political agenda. Some proportionality reducing reform is probably desirable. On top of experience so far, the particular circumstances of the 2005 election that produced the overhang for the Maori Party provide more evidence to support a judgement that the effective threshold for representation is lower than intended by the architects of MMP. Abandonment of the electorate threshold for allocation of list seats below the 5 per cent party vote threshold would ease the process of government formation, and reduce the power of small pivotal parties to excessively complicate it.

References

- Banducci, S.A. (2003) 'A Natureza Mutável da Representação na Nova Zelândia: Avaliações das Listas Partidárias [The Changing Nature of Representation in New Zealand: The Role of List Candidates]', *Análise Social*, no. 167.
- Banducci, S.A., Donovan, T. and Karp, J.A. (1999) 'Proportional representation and attitudes about politics: results from New Zealand', *Electoral Studies* 18: 533–555.
- Banducci, S. and Karp, J. (1998) 'Representation under a proportional system', in J. Vowles, P. Aimer, S. Banducci and J. Karp (eds.) *Voters' Victory? New Zealand's First Election Under Proportional Representation*, Auckland: Auckland University Press.
- Boston, J. (1998) *Governing Under Proportional Representation: Lessons From Europe*, Wellington: Institute of Policy Studies.
- Cowen, P.B., Cowen, T. and Tabbarok, A. (1992) *An Analysis of Proposals For Constitutional Change in New Zealand*, Wellington: New Zealand Business Roundtable.
- Jackson, K. (1994) 'Stability and Renewal: Incumbency and Parliamentary Composition', in: A. Somit, R. Wildenmann, B. Boll and A. Rommele (eds.) *The Victorious Incumbent: A Threat to Democracy?*, Dartmouth: Aldershot.
- Karp, J. (2002) 'Members of Parliament and Representation', in: J. Vowles, P. Aimer, J. Karp, S. Banducci, R. Miller and A. Sullivan (eds.) *Proportional Representation on Trial: The 1999 Election in New Zealand and the Fate of MMP*, Auckland: Auckland University Press.
- Karp, J. (in press) 'Political knowledge about electoral rules: comparing mixed member proportional systems in Germany and New Zealand', *Electoral Studies*, (forthcoming).
- Karp, J., Vowles, J., Banducci, S.A. and Donovan, T. (2002) 'Strategic voting, party activity, and candidate effects: testing explanations for split voting in New Zealand's new mixed system', *Electoral Studies* 21: 1–22.
- Karp, J. and Banducci, S.A. (1999) 'The impact of proportional representation on turnout: evidence from New Zealand', *Australian Journal of Political Science*. 34: 363–377.
- Karp, J. and Bowler, S. (2001) 'Coalition politics and satisfaction with democracy: explaining New Zealand's reaction to proportional representation', *European Journal of Political Research* 40: 57–79.
- Katz, R.S. (1997) *Democracy and Elections*, New York: Oxford University Press.
- Matland, R.E. and Studlar, D.T. (2004) 'The determinants of legislative turnover: a cross national study', *British Journal of Political Science* 34: 87–108.
- McLeay, E. and Vowles, J. (2006) 'Redefining constituency: the roles of New Zealand MPs', *Journal of Legislative Studies*, (forthcoming).



- Nagel, J. (1988) 'Voter turnout in New Zealand general elections 1928–1988', *Political Science* 40(2): 16–38.
- New Zealand Electoral Commission (2000) *New Zealand Electoral Compendium*, 2nd ed., Wellington: Electoral Commission.
- New Zealand Electoral Commission (2003) *New Zealand Electoral Compendium*, 3rd ed., Wellington: Electoral Commission.
- Palmer, G. (1979) *Unbridled Power*, Auckland: Oxford University Press.
- Peters, W. (2005) 'Why we walk alone', *New Zealand Herald*, 8 September, http://www.nzherald.co.nz/event/story.cfm?c_id=1500891&objectid=10344492.
- Popper, K. (1987) 'On the theory of democracy', republished in Karl Popper, *All Life is Problem-Solving*. London: Routledge, 1999.
- Popper, K. (1988) 'The open society and its enemies revisited', *Economist* 28: 25–28.
- Royal Commission on the Electoral System (1986) *Report of the Royal Commission on the Electoral System: Towards a Better Democracy?*, Wellington: Government Printer.
- Vowles, J. (1998) 'Countdown to MMP', in J. Vowles, P. Aimer, S. Banducci and J. Karp (eds.) *Voters' Victory? New Zealand's First Election Under Proportional Representation*, Auckland: Auckland University Press.
- Vowles, J. and Aimer, P. (2004) 'Political Leadership, Representation, and Trust', in: J. Vowles, P. Aimer, J. Karp, S. Banducci and R. Miller (eds.) *Voters' Veto: The 2002 Election in New Zealand and the Consolidation of Minority Government*, Auckland: Auckland University Press.
- Vowles, J. (2002) 'Offsetting the PR effect? party mobilisation and turnout decline in New Zealand, 1996–1999', *Party Politics* 8(5): 587–605.
- Vowles, J. (2004) 'Patterns of Public Opinion', in: J. Vowles, P. Aimer, J. Karp, S. Banducci and R. Miller (eds.) *Voters' Veto: The 2002 Election in New Zealand and the Consolidation of Minority Government*, Auckland: Auckland University Press.
- Vowles, J. (2005) 'New Zealand: consolidation of reform?', in: M. Gallagher and P. Mitchell (eds.) *The Politics of Electoral Systems*, Oxford: Oxford University Press.
- Vowles, J. (2006) 'Voting', in: R. Miller (ed.) *New Zealand Government and Politics*, 4th edn., Melbourne: Oxford University Press.
- Wood, G.A. (1996) *Ministers and Members of the New Zealand Parliament*, Dunedin: Otago University Press.

Note

1 Authorship is equal.