

Jack H. Nagel

# Evaluating Democracy in New Zealand under MMP

In the debate that culminated in the November 2011 referendum, arguments for and against New Zealand's mixed-member proportional (MMP) electoral system focused on two values: governmental strength and representational fairness.

Both opponents and defenders of MMP treated governmental strength as an important consideration, but they assessed it differently. Advocates of change favoured the first-past-the-post (FPP) or supplementary member (SM) alternatives because they believed either would deliver a higher probability of single-party majority governments. Under FPP ministries not requiring bargaining across party lines would form quickly after

elections, avoid concessions to minor-party 'kingmakers', act decisively to solve policy problems, and remain stable until the next election, when voters could hold them unambiguously accountable for performance in office. Supporters of MMP countered that the excessive power of one-party governments ('elective dictatorships') in 1984–1993 was a major reason why voters had chosen MMP over FPP in the 1992 and 1993 referendums. In

their view, the improbability of one-party majorities under MMP provides a needed check on the leading party by compelling it to negotiate and compromise with smaller parties and thus produces better-considered, wiser, more moderate policies.

Representational fairness, in contrast, was a value that cut only one way, in favour of MMP. Because it allocates list seats by a compensatory formula, MMP is designed to ensure proportional representation (PR) for all parties that meet the party vote threshold or win an electorate seat, and no one disputed that it has fulfilled that promise. Besides fairness to parties, MMP also indirectly promotes more nearly proportional representation for ethnic minorities and women because parties have an incentive and a means to appeal for their party votes through nominations to lists. MMP, combined with retention of dedicated Māori seats, has consistently elected Māori MPs in numbers roughly commensurate to the Māori population. MMP has also helped

---

Jack Nagel is Professor Emeritus of Political Science at the University of Pennsylvania. He was a Fulbright lecturer at the University of Canterbury in 1986 and returned to New Zealand for research in 1993 and 2011. He is grateful to the many New Zealanders who generously shared their hospitality, knowledge and insights during his recent visit. This article had its origins in a conversation with Jonathan Boston. The author is indebted to Professor Boston and to Brendan O'Leary for helpful comments on drafts.

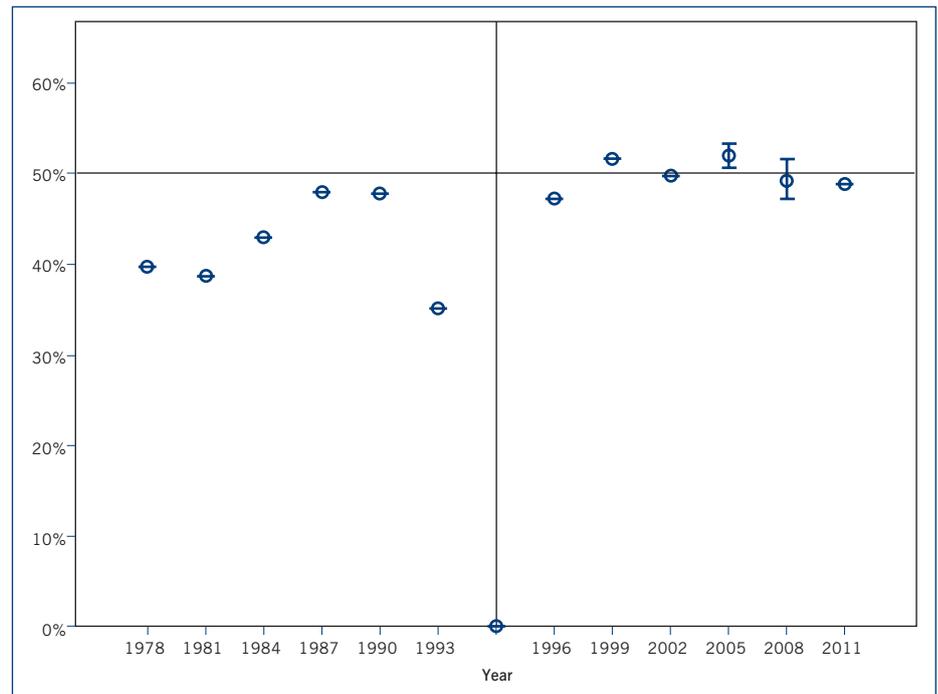
elect higher percentages of women, Pasifika and Asian MPs. For many supporters of MMP, representational fairness is the primary goal and virtue of the system. Opponents did not attack this attribute, but they obviously gave it less weight. The decision of the Campaign for Change to support SM rather than FPP as the preferred alternative to MMP was no doubt a bow to the value of diversity in representation, but at a less than proportional level, so as to produce a greater likelihood of strong, one-party governments.

Discussions framed by the alleged trade-off between effective government and fair representation have been typical in debates over electoral systems worldwide. Both values are certainly important. From the viewpoint of modern democratic theory, however, one must apply four additional tests in order to evaluate the performance of any electoral system: (1) Do majorities rule? (2) Do governments represent the median voter? (3) Are there any permanent minorities or any parties perpetually in power? (4) Do minorities impose centrifugal policies?

#### Do majorities rule?

The real issue at stake in debates over governmental power is not so much whether the government is too strong or too weak, but whether the policies it enacts enjoy sufficient support outside Parliament. Although the FPP voting system is often justified (and analysed) in terms of majority rule, it awards every seat to the candidate winning a mere plurality of votes in the electorate, which need not be a true majority unless there are only two candidates.<sup>1</sup> When minor parties receive a non-trivial share of votes, as was true of every New Zealand election from 1954 on, the aggregation of plurality victories across the country typically 'manufactures' a parliamentary majority for the winning party, even though it may have received the support of less – often much less – than a majority of voters.<sup>2</sup> After the last six elections under FPP (1978–1993), over-representation of the governing party (it was always a single party) ranged from a low of 22% in 1987 to a high of 45% in 1990, with a mean of 37%.<sup>3</sup> As Jack Vowles (1991) elegantly put

Figure 1: Electoral bases of parliamentary majorities



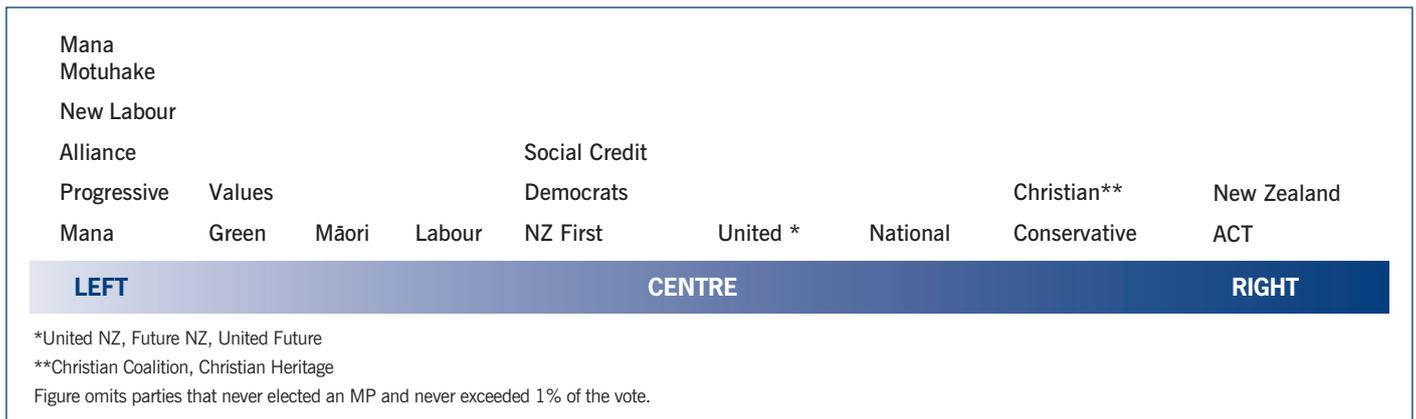
it: 'The essential flaw in our present [FPP] arrangements is a simple one: power is given to minorities who think they have a majority.' In contrast, although MMP does not guarantee perfectly proportional representation, it has dramatically reduced the boost given to the governing party or coalition. Their over-representation after the first six MMP elections ranged from a high of 8% for the first MMP government in 1996 down to zero in 2005, with an average of 4.7%.

Over-representation of the government means that legislative majorities can rest on electoral bases comprising less – sometimes much less – than a majority of voters. Figure 1 illustrates this phenomenon, again comparing parliaments after the last six FPP elections with those after the first six elections under MMP. On the assumption that parties vote as unified blocs, the graph displays the percentage of popular votes received by the party or parties comprising a minimal parliamentary majority (also known as a 'minimum winning coalition').<sup>4</sup> Under FPP, a single party always had a majority of MPs in the immediate post-election period. The votes received by those governing parties ranged from near-majorities of 48% for Labour in 1987 and 47.8% for National in 1990 down to just 35.1% for National in 1993. Under MMP the figure becomes

more complicated, because no majority government has formed except for the initial coalition of National and New Zealand First in 1996, which had a bare majority of 61 seats. To pass any bill, a minority government must depend on votes (or abstentions) from another party or parties. Most minority governments have had agreements of support or co-operation with more than one small party. The graph shows the electoral support for all the minimal winning coalitions a government could form with the aid of one or more of those minor parties (though of course some bills enjoyed broader assent). In 2008, for example, the bottom of the vertical line represents a parliamentary majority consisting of National and the Māori Party, which together received 47.3% of the party vote. The top of the line shows the vote for a legislative majority consisting of National and the Green Party, with which National had an agreement of co-operation, albeit a very limited one. Together they won 51.7% of party votes. The circle shows the mean popular support for all minimal legislative majorities that the National government could achieve, which was 49.2%.<sup>5</sup>

In the last six elections under FPP, the electoral support for parliamentary majorities fluctuated widely, but never reached an absolute majority. Its average

Figure 2: Left–right ordering on economic policy dimension of parties contesting elections in 1978–2011



level was just 42.1%. In contrast, in the six MMP elections, popular support for minimal legislative majorities has been tightly clustered around the 50% line with an average level of 49.8%. Thus, if MMP has not always delivered rule by strict electoral majorities, it has certainly come very close.

**Do governments receive support from the median voter?**

Another way of getting at the question of majority rule is via the concept of the median voter, which plays an important role in democratic theory. If voters' ideological preferences can be arranged along a one-dimensional spectrum – for example, from left to right – then the median voter occupies a position such that equal numbers of other voters are to the left and right of that individual. The position favoured by the median voter *ought* to win, according to a widely accepted test for majority rule known as the Condorcet criterion. That is, if voters were asked to choose between the median position and any other point on the spectrum in a series of one-on-one votes, a majority would always choose the median. A longstanding argument in favour of FPP held that pragmatic politicians would in fact converge toward the magical median, thus delivering the outcome that theorists believed should happen (Downs, 1957). Unfortunately, recent evidence from comparative politics shows that FPP systems on the whole perform less well than PR according to the median test (Powell, 2000; McDonald and Budge, 2005). Scholars have advanced a variety of reasons (not mutually exclusive) that might explain why major-party

leaders under FPP do not consistently adopt policies favoured by the median voter: a third party (such as the Liberal Democrats in Britain) may occupy the centre ground; internal party nomination processes (such as party primaries in the US) may pull candidates away from the centre; strategists may fear that ideological voters, funders or activists will abstain or defect to extremist minor parties if they are not offered ‘a choice rather than an echo’; and leaders themselves may be ideological ‘conviction’ politicians rather than opportunistic office-seekers.

How has New Zealand performed according to the median-voter test under FPP and MMP? To answer this question requires two strong assumptions:

- 1) We must be willing to arrange parties along a single dimension, which in this analysis will be left–right positions on major economic policy issues. Clearly, parties often appeal to voters by taking stands on cross-cutting non-economic issues – e.g., environmental, social and cultural policies, law and order, foreign policy, Māori rights. Nevertheless, in New Zealand as in many other democracies the economic dimension is dominant in most elections. Figure 2 shows the left–right economic positions that I posit for all significant parties that contested one or more elections from 1978 to 2011 – as before, the last six under FPP and the first six under MMP.
- 2) We must assume that the left-right policy preferences of voters correspond to the positions of the parties they vote for. Again, this is obviously not true in many instances: voters may

choose according to non-economic issues, their liking for party leaders, or the overall state of the economy; but this assumption also seems reasonable as a first approximation, for purposes of a broad-brush analysis.

Drawing on those two assumptions and the vote totals received by parties enables us to determine the party chosen by the median voter in each election.<sup>6</sup> In Table 1, the first column lists those parties. Subsequent columns answer three tests of whether the median voter's position was likely to influence legislation: First, was the party of the median voter also the party of the median MP on conventional left-right issues? Second, was the party favoured by the median voter a party of government, either as a one-party government or as a member of a coalition? Third, if the median voter's party was not in government, did it sign a formal agreement of support or co-operation with the government?

As Table 1 shows, not one of the last six parliaments under FPP satisfied any of the median-voter tests. In five instances the median position was occupied by Social Credit or its successor, the Democrats.<sup>7</sup> In the final FPP election, one of the major parties – Labour – finally won the median mandate; but because the majority favouring the left and centre-left was split between the Alliance (18.2%) and Labour (34.7%), National emerged with a bare plurality of votes (35.1%) and an equally bare majority of MPs (50 of 99).

The record under MMP is dramatically different. After the first four MMP elections, the party of the median voter was both the party of the median MP and a party of government. In 2008,

**Table 1: Influence of the median voter after elections under FPP and MMP**

Election	Party chosen by the median voter	Was the party of the median voter...		
		the party of the median MP?	a party of government?	a party supporting or co-operating with the government?
1978	Social Credit	NO	NO	NO
1981	Social Credit	NO	NO	NO
1984	Social Credit	NO	NO	NO
1987	Democrats	NO	NO	NO
1990	Democrats	NO	NO	NO
1993	Labour	NO	NO	NO
1996	NZ First	YES	YES	–
1999	Labour	YES	YES	–
2002	Labour	YES	YES	–
2005	Labour	YES	YES	–
2008	United Future	NO	NO	YES
2011	National	NO	YES	–

**Table 2: Years as part of government or ally of government**

Party or group	1996–1999	1999–2002	2002–2005	2005–2008	2008–2011	2011–2012/14	Years with influence to 2012	Years with influence projected to 2014
ACT	<i>1</i>	0	0	0	<b>3</b>	<i>1/3</i>	31%	39%
National	<b>3</b>	0	0	0	<b>3</b>	<b>1/3</b>	44%	50%
United Future	<i>1</i>	0	<b>3</b>	<b>3</b>	<b>3</b>	<i>1/3</i>	69%	72%
NZ First	<b>2</b>	0	0	<b>3</b>	x	0/0	31%	28%
Labour	0	<b>3</b>	<b>3</b>	<b>3</b>	0	0/0	56%	50%
Alliance/ Progressive/ Mana	0	<b>3</b>	<b>3</b>	<b>3</b>	0	0	56%	50%
Greens	0	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	0/0	75%	67%
Māori Party	x	x	0	0	<b>3</b>	<i>1/3</i>	50%*	60%*
MPs from Māori electorates	<b>2 + 1**</b>	<b>3</b>	<b>2+1**</b>	<b>3**</b>	<b>3**</b>	<i>1**/3**</i>	100%	100%

Bold: years as governing party or member of governing coalition

Italic: years with formal agreement of support or co-operation with government

x: not represented in Parliament during this period

\* Māori Party percentages based on years since 2004, when the party was founded.

\*\* MPs representing Māori electorates were sometimes from more than one party. In years marked by double asterisks, some MPs representing Māori electorates had ties to government and some did not. See note 8

Sources: Malone, 2008, pp.46-7; Boston, 2011, pp.92-9; Miller and Curtin, 2011, p.112; plus news articles for 2011–.

tiny United Future was the party of the median voter in the electorate, but National was the party of the median MP as well as the main party of government. United Future's sole MP, Peter Dunne, wielded some influence through a support agreement with National which gave him two portfolios outside cabinet, as minister of revenue and associate minister of health. In 2011 United Future

and National swapped the median distinctions, while National remained in government.

#### Are there permanent minorities or perpetual parties of government?

Although rule by majorities is a key test of democracy, the case for majority rule breaks down – both morally and practically – if any significant minority never shares in power. MMP guarantees minority parties a proportionate share of seats (if they surpass either of two thresholds), but fair representation for minorities is merely symbolic if they never achieve substantial influence over policy. Of course, after any given election or on any given legislative vote there will be winners and losers – a majority and a minority; but over time there should be multiple and changing majorities, so that every majority is temporary and no minority is permanent, thus providing every group or interest with opportunities to influence policy and a stake in the political system (Miller, 1983; McGann, 2006). Assessing the health of democracy in this dynamic sense requires experience over time, which New Zealand has acquired after six elections under MMP.

Table 2 demonstrates the sharing of influence since the introduction of MMP. The cells record the number of years following each election in which a group represented in Parliament enjoyed some influence over policy, either as part of a governing coalition (bold numerals) or through a formal agreement of support or co-operation with a minority government (italic numerals). The first eight rows represent political parties. The last row attempts to assess the influence of Māori as a group by tracking the participation in governments of MPs representing Māori electorates. There were, of course, other Māori MPs elected from party lists or (less often) general electorates, but members elected from Māori electorates, whether or not they stood as candidates of a predominantly Māori party, should be especially attuned to, and inclined to advocate, the distinctive interests of Māori people. In years when more than one party elected MPs in Māori constituencies, the table credits Māori

with influence if any of those MPs were members of a governing party or a party supporting or co-operating with government.<sup>8</sup>

By scanning across the first eight rows of the table, one can readily see that all of the eight political parties have enjoyed periods of influence as a governing, supporting or co-operating party. In other words, no party has been a permanent minority, perpetually denied influence. The experience of Māori under MMP is even more impressive. As the last row of Table 2 shows, at least some MPs representing Māori electorates have been members of governing or allied parties continuously since the inception of MMP. The final two columns summarise the record by showing the percentage of time that each party and members from Māori seats have had influence over government. The first of these columns covers 1996–2012, assuming that the National-led government elected in 2011 and its agreements with other parties remain effective for a year. The final column projects to 2014 on the assumption that current arrangements continue for the better part of three years, until a new election after a normal parliamentary term.

Not only has no party been permanently excluded, but also the sharing of power over time has been remarkably even. If the current alignment continues until 2014, the smallest share of time with influence for parties that existed in 1996 will be 28% for New Zealand First (or 33% excluding 2008–11, when the party had no MPs). The largest share is United Future's 72%. Three other parties, including National and Labour, will be at 50%. The corollary of these results is that no party has been perpetually in government. Although partisans mourn when their favourites are relegated to the opposition benches, the expectation that a party will always have power tends to breed complacency, opportunism and corruption. The fact that the two major parties have been equally often in government and opposition should be taken as a sign of the health of New Zealand democracy under MMP. It is also desirable that no smaller party or parties be perpetually in power. United Future's

72% is offset by the fact that for more than half of that time the party had only one MP, the durable Peter Dunne. As for the seemingly permanent incorporation of MPs representing Māori electorates, that can be seen against the larger context of the 129 years before MMP, when Māori were usually under-represented and marginalised. The continuous influence of Māori MPs over ministries has brought little danger of stagnation, because those Māori members have belonged to four different parties.

parties, the cross-cutting dimension is their *raison d'être* and the source of their identity as a party. Environmental and related 'post-materialist' issues play that role for the Greens, as have Māori concerns for several parties. In other cases, minor parties with a well-defined left–right identity try (perhaps opportunistically) to attract additional support by also taking up a cross-cutting issue – immigration for New Zealand First in 1996, social conservatism for United Future in 2002, and law and order for ACT in 2008.

**... if small parties exploit favourable bargaining positions to impose undiluted versions of their preferred policies, thus causing great distress among the majority, then their power is dangerous to the polity and difficult to defend from the viewpoint of democratic theory.**

#### **Do minorities impose centrifugal policies?**

In one situation, minor-party influence over policies is entirely consistent with majority rule. That is the case when the minor party occupies the median position on an issue dimension and uses its voting power – either as a coalition partner or as an ad hoc ally on a particular bill – to moderate a relatively extreme policy that one of the major parties would otherwise prefer. In this scenario, the influence of the minor party enables an outcome closer to the preference of the median voter to prevail. Since the advent of MMP, both New Zealand First and United Future (in its various incarnations) have tried to play the centrist role on the main left–right spectrum.

Often, however, minor parties espouse policies that a majority would not endorse. Some stake out positions on the flanks of the primary dimension: ACT on the right, the Alliance/Progressives on the left. Frequently, small parties attract their most intense support by emphasising issues that cut across the conventional left–right dimension. For some minor

When a small party advocates non-majoritarian policies, it is not undesirable for it to win some concessions. If such a party continually had no success, the voters who support it could become permanently aggrieved, isolated and alienated from the body politic. In New Zealand, that danger is most obvious with respect to Māori as a visible and self-conscious minority, but it could also apply to other groups who feel intensely about their concerns. On the other hand, if small parties exploit favourable bargaining positions to impose undiluted versions of their preferred policies, thus causing great distress among the majority, then their power is dangerous to the polity and difficult to defend from the viewpoint of democratic theory. A conspicuous contemporary example of this problem in a PR system is the ability of Shas and other ultra-orthodox parties in Israel to impose their religious policies against the wishes of the more tolerant and secular majority.

Critics of PR electoral systems often invoke such instances of minor parties

imposing unpopular policies. That was the essence of the ‘tail wagging the dog’ argument against MMP. In fact, however, the same phenomenon occurs – but less transparently – under FPP. ‘Broad church’ parties are themselves coalitions of factions with differing priorities. Their internal politics can result in a pattern of ‘minorities rule’ through explicit or implicit logrolls. That is how economic liberalisers in New Zealand enacted a radical, frequently unpopular programme under one-party governments in 1984–93 (Nagel, 1998).

Have minorities that gained representation under MMP been able to impose extreme or unpopular policies? As an observer who has followed New

Māori Party rather than capitulate to her on the foreshore and seabed issue. When the Māori Party subsequently became part of the National-led government in 2008, Prime Minister Key managed to attract its support with concessions that were not too distressing to the Pākehā majority. Inability to prevail on their most cherished policies has surely contributed to the difficulty minor parties have had in maintaining electoral support (Bale and Bergman, 2006; Miller and Curtin, 2011).

Although Prime Ministers Clark and Key have been impressively skilful at manoeuvring within the multi-party MMP environment, they have also benefited from favourable circumstances.

## The parliamentary configurations Clark and Key faced enabled their minority governments to form legislative majorities with any of several partners, thus usually denying excessive bargaining power to any minor party.

Zealand politics only intermittently and mostly from afar, I am not equipped to answer this question, because it requires detailed knowledge of policies over the past 16 years. Nevertheless, it is my impression that governments under MMP have usually avoided paying high prices for small blocs of votes, whether organised through separate parties or as factions within a major party. A possible exception occurred in 2010, when John Key’s government supported ACT’s harsh three-strikes criminal justice policy, despite the reputed disagreement of National’s own minister of justice, Simon Power, who did not manage the bill in Parliament.<sup>9</sup> More often, governments have conspicuously succeeded in resisting or moderating narrowly-based demands. Governments led by Helen Clark refused to accede to the ban on genetically-modified foods desired by the Greens, and allowed Tariana Turia to walk out of the Labour caucus and launch the

The possibility that a small party can wield power out of proportion to its numbers is no chimera. A party’s relative bargaining power in a game based on votes can be measured using the Banzhaf power index, which is the number of times a party is critical to a winning coalition divided by the total number of times all parties are critical.<sup>10</sup> Party A is ‘critical’ to a coalition when the coalition wins with A’s votes and loses without them. The relation between power and votes is not linear, but depends on configurations of voting blocs in relation to the number of votes required to win (typically a majority in legislatures). For example, if parties A, B and C have 51, 45 and 5 votes respectively, then any coalition with A is winning and any coalition without A loses. Thus, A’s Banzhaf power equals 1, while B and C have no power. But if just one seat switches so that A has 50 votes and B 46, while C remains at 5, then each party is critical to two winning coalitions

(A to AB and AC, B to AB and BC, and C to AC and BC). Now all three parties have equal Banzhaf power (.33 each) – even little C.

Table 3 displays parties’ shares of seats and power following the six MMP elections. Both measures are expressed as decimals ranging from 0 to 1.0.<sup>11</sup> The two major parties appear on the left of the table, while minor parties are to the right. There are two important observations to make about this history. First, only in 1996 did a minor party have a share of power that was both considerably greater than its seat share and equal to the power of a major party. After that first MMP election, New Zealand First had 23% of the bargaining power, which was a 64% bonus over its seat share and equal to the power of the much larger Labour caucus. New Zealand First’s actual power position was even more advantageous than those *a priori* numbers indicate. The power indexes in the table are based on all logically possible coalitions, but in fact certain coalitions were politically infeasible. The ideological gulf between the Alliance and ACT ruled out any coalition that included both of those parties, and the longstanding rivalry for power between Labour and National apparently prevented serious consideration of a grand coalition of the two big parties. If one computes Banzhaf indexes based only on the remaining, feasible coalitions, then New Zealand First had 44% of the power, more than either of the major parties. National was second with 33%, and Labour and the Alliance trailed with 11% each. ACT and United had seats, but no power. Admitting coalitions that included both National and Labour would markedly change those results by reducing the power of New Zealand First.

Second, after every election since 1996 there was no clearly dominant power leader among the minor parties, and the multiple leaders had equal or nearly equal shares of power. There were two such leaders in 2005 (with a third not far behind); three in 2008 and 2011; and four in 1999 and 2002. Moreover, as events proved, in each of those five parliaments, multiple minor parties were sufficiently

compatible with a major party to reach agreements of coalition, support or co-operation.

In short, the birth trauma of MMP in 1996 resulted not just from Winston Peters' hard bargaining, but also from the configuration of seats that gave him the power he so eagerly exploited; and from the unwillingness of National and Labour to consider a grand coalition. Similarly, the happier history of MMP after subsequent elections depended not only on the acumen of Helen Clark and John Key, but also on dispersal of seats and voting power among multiple minor parties. The parliamentary configurations Clark and Key faced enabled their minority governments to form legislative majorities with any of several partners, thus usually denying excessive bargaining power to any minor party.

#### Conditions (and choices) favouring healthy democracy under MMP

To sum up, after a rocky start MMP has had a strongly positive performance as judged by several tests from contemporary democratic theory. Parliamentary majorities have been based on electoral majorities or near-majorities. The party of the median voter has always been a party of government or, in one instance, a party allied with the government. All parties, and the Māori minority, have participated in or influenced governments a significant share of the time; and no party has been perpetually in power. Minor parties have influenced legislation, but have seldom been able to impose policies that were strongly objectionable to a majority of voters.

Understanding the reasons for such favourable outcomes may help to perpetuate them in the future. I suggest that four interdependent conditions help account for the health of New Zealand's democracy under MMP: (a) a high degree of proportionality; (b) numerous minor parties in Parliament; (c) minority governments; and (d) the absence of pariah parties.

#### Proportionality

Consistently majoritarian outcomes – legislative majorities supported by electoral majorities and median-voter

**Table 3: Parties' shares of seats and power following MMP elections**

		National	Labour	ACT	United	NZ First	Green	Alliance/ Progressive	Maori	Mana
1996	Seats	.37	.31	.07	.01	.14	–	.11	–	–
	Power	.39	.23	.08	0	.23	–	.08	–	–
1999	Seats	.33	.41	.08	.01	.04*	.06	.08	–	–
	Power	.17	.41	.10	.01	.10	.10	.12	–	–
2002	Seats	.23	.43	.08	.07	.11	.08	.02*	–	–
	Power	.06	.71	.06	.04	.06	.06	.01	–	–
2005	Seats	.40	.41	.02*	.02*	.06	.05*	.01	.03	–
	Power	.24	.31	.03	.05	.15	.12	.02	.08	–
2008	Seats	.48	.35	.04*	.01	0	.07	.01	.04	–
	Power	.64	.09	.09	0	–	.09	0	.09	–
2011	Seats	.49	.28	.01	.01	.07	.12	–	.02	.01
	Power	.73	.05	.02	.02	.05	.05	–	.05	.02

\*Party was awarded list seats because of an electorate victory, although it received less than 5% of the party vote.

support for a party of government – depend on minimal deviations from proportionality between parties' seats and votes. Use of a PR formula and MMP's branding as a 'proportional' system do not guarantee highly proportional results, because the 5% threshold can easily result in numerous 'wasted' votes. Two initially under-appreciated features of New Zealand's version of MMP have lessened the impact of that threshold. These are, of course, the retention of Māori electorates and the alternative threshold which allows any party winning an electorate seat to share proportionally in the allocation of list seats. On four occasions, minor parties that received less than 5% of the party vote achieved representation because they won Māori electorates; and in six instances (marked by asterisks in Table 3) minor parties won list seats because they won a general electorate.

#### Multiple minor parties

Proportionality, aided by the two factors just mentioned, has contributed to the presence in Parliament of multiple minor parties, ranging from a low of four in 1996, through five in 1999, 2002 and 2008, to six in 2005 and 2011. Permissive electoral rules alone do not guarantee that minor parties will win seats. Also important has been the societal potential for multiple cross-cutting issue dimensions and the willingness

of politicians to exploit some of them. Before the first MMP election, I predicted that the dominant left–right dimension by itself would probably support only two parties in the long run, and that the staying power of the cleavage between economic liberalisers and interventionists (which had spawned three new parties) was limited (Nagel, 1994; Curtin and Miller, 2010). The withering away of the Alliance/Progressives and ACT has confirmed that prediction. By the same logic, would-be centrist parties have prospered only by also campaigning on one or more cross-cutting issues, such as immigration and corruption for New Zealand First or social conservatism for United Future New Zealand in 2002. Other minor parties have defined themselves by stands on more enduring cross-cutting dimensions, post-materialism and ethnicity. Thus the Greens have been present in every MMP parliament (including as a constituent party of the Alliance in 1996), and minor parties depending on Māori voters and electorates have won seats in four of the six MMP elections.

#### Minority governments

Tempted by the bait of seemingly complete control that an absolute majority confers, a party can be lured into paying a high price to swing voters or to a pivotal minor party. The facade of majority government

too often conceals a logrolled reality of minorities rule over specific policies. Paradoxically, minority governments are more likely to deliver true majority rule, because they can form ad hoc coalitions one issue at a time, thus enacting laws that are likely to conform to the wishes of the median voter on each separate policy dimension. Since 1999, New Zealand's major parties have been wise in not pushing too hard to form majority coalitions, and their leaders have been skilful in managing the intricate multi-party dance of legislation. They could not have succeeded, however, if there were not multiple potential partners available. If a minority government had only one route to a legislative majority, the party or parties that controlled that route could

(supplementary member, in New Zealand parlance). In Israel, as noted earlier, the problem has been the excessive power wielded by small parties representing the ultra-orthodox religious minority. Both the Italian and Israeli failures of PR have depended on a sometimes overlooked cause: the presence in each country's legislature of significant pariah parties. In Italy, the Communist Party (PCI) commanded the second largest bloc of seats, ranging from 19% to 36%, but none of the democratic parties would contemplate entering a coalition with them. Without Communist votes, it was arithmetically impossible to form a legislative majority that did not include the Christian Democrats, so the latter were assured a large share of power

the major parties, which helps explain its last-place position in Table 2.

#### Practical implications

I will conclude with implications of the preceding analysis for the Electoral Commission as it reviews the finer points of MMP, and for political leaders as they continue to operate within an MMP system.

The first question on the Electoral Commission's review agenda is whether to change either of the alternative thresholds a party must reach to be included in the allocation of list seats. As I have tried to show, a high degree of proportionality is important not just to serve representational values, but also to achieve majoritarian goals: a government supported by a majority of voters, a governing party that represents the median voter, and specific policies acceptable to majorities that may – and should – differ from issue to issue. The higher the threshold, the less the likelihood that a PR system will actually deliver a high degree of proportionality. Thus far, New Zealand's alternative threshold of an electorate victory has partially offset the rather high main threshold of 5% of the party vote. If the Electoral Commission decides to eliminate the electorate route to list seats (and there are reasons to do so that this article has not addressed), then I would recommend lowering the party vote threshold to 3%.

To political leaders, especially of the major parties, the main implication of this analysis is simply to keep up the good work. After early learning pains, they have shown ingenuity and skill in managing the tricky processes of government-formation and legislation in a multi-party environment. Still, it may be worth underscoring three guidelines that can contribute to continued success. First, minority governments are a good thing, especially if the alternative is to make binding commitments that give too much power to minorities, whether voting blocs in the electorate or parties in parliament. Second, room to manoeuvre, and thus to serve democratic ends, increases when no party is treated as a pariah. A party may arise that is truly beyond the pale – anti-democratic, racist, or opposed to the continued existence of New Zealand as a nation – but, short of such extremes, it is

## The success of MMP in New Zealand has resulted in part from the absence of any perpetual pariah, although New Zealand First (or, more precisely, its leader) has at times held that dubious distinction vis-à-vis one or the other of the major parties...

exploit their power, even if they stayed outside government. The existence of several minor parties, many of them with equivalent legislative power, has given every MMP ministry after the first at least two different paths to a parliamentary majority.

#### Absence of pariahs

After Weimar Germany, the most oft-cited examples of dysfunctional PR systems are post-war Italy and contemporary Israel. Although Italy is usually invoked because of its unstable, short-lived cabinets, at a deeper level it suffered from too much stability. Italy's largest party, the Christian Democrats (DC), was perpetually in government, surrounded by a revolving cast of smaller parties. Assured of power, Christian Democrat legislators became egregiously corrupt, resulting in scandals that led to their party's demise and the replacement of PR in 1993 by a rather unsuccessful (and short-lived) mixed-member majoritarian system

(Gambetta and Warner, 2004). In Israel, the continuing excessive power of ultra-orthodox parties results in part from the same cause. The Knesset typically includes several small Arab parties, which usually win 5–10% of seats, but other parties have been unwilling to depend on votes from these non-Zionist parties for fear of provoking a backlash among Jewish voters.<sup>12</sup> Therefore, major parties often have no alternative but to deal with the ultra-orthodox, who frequently occupy the pivotal position when governments must be formed. Thus the presence of significant pariah parties directly manifests one democratic failure – the existence of a permanent minority – and indirectly causes two others – perpetually governing parties and excessively powerful minor parties. The success of MMP in New Zealand has resulted in part from the absence of any perpetual pariah, although New Zealand First (or, more precisely, its leader) has at times held that dubious distinction vis-à-vis one or the other of

best to look beyond difficult personalities and personal animosities to the greater good. Third, if an anti-system party does arise, or if a minor party excessively exploits an unusually strong power position, then major parties always have the recourse of putting aside their historic rivalry by forming a temporary grand coalition.

- 1 The more accurate term for FPP is 'single-member plurality' (SMP), but I will follow the labels used in the referendum.
- 2 Indeed, as New Zealanders saw in 1978 and 1981, it is possible under FPP for a party to win a majority of seats even though it receives less than a plurality of votes nationwide.
- 3 Over-representation is calculated by dividing the party's percentage of seats by its percentage of votes, subtracting one, and then multiplying by 100. All votes and seats reported in this article are from the website of the New Zealand Electoral Commission or the commission's printed compendia.
- 4 A minimal majority commands a majority of MPs, but includes no party whose votes are not essential to pass a bill.
- 5 In 2008 there was one other legislative minimal majority – National and ACT, with a combined 48.6% of party

- votes. United Future also had a support agreement with National, but its single vote was never essential, as long as all members of National and one of the other co-operating parties voted for a measure. In 1999 there was only one minimal majority – the Labour–Alliance coalition plus the Greens; but the minority coalition could also reach a majority with the help of New Zealand First, with which it had no formal agreement. The 2002 Labour–Progressive government could prevail with the aid of either United Future or the Greens. In 2005, the Labour–Progressive government could pass bills with the support of NZ First plus United Future, or NZ First plus the Greens. Minimal winning coalitions in the current Parliament consist of National plus the Māori Party or National plus ACT plus United Future.
- 6 To determine the party of the median voter, first adjust party votes to sum to 100% by correcting for fringe parties that received some votes but are not listed in Figure 2. Then start with the party on the extreme left and cumulate party votes until the total exceeds 50%. The party that puts the total over 50% represents the median voter. Starting at the extreme right gives the same result as long as there is no exact 50-50 division. It might seem that the median voter test is merely another way of saying that the government rests on a numerical majority of votes, but that is not necessarily so. If an odd-bedfellows coalition formed between parties on the left and right wings, the party representing the median voter would not be included, even though the electoral support base of the government could exceed 50%.
  - 7 Besides its idiosyncratic economic doctrines, Social Credit in its earlier days had appeals that could be characterised as right-wing, and it always depended heavily on protest voters,

- but by the 1970s it had 'evolved into a mildly reformist centre party' (Miller, 1985, p.212).
- 8 The parties of Māori MPs with influence thus defined and their number of MPs compared with the number of Māori electorates are as follows: 1996–98, NZ First (5 of 5); 1998–99, Mauri Pacific (3 of 5); 1999–2002, Labour (6 of 6); 2002–04, Labour (7 of 7); 2004–05, Labour (6 of 7); 2005–08, Labour (3 of 7); 2008–11, Māori Party (5 of 7); 2011–, Māori Party (3 of 7).
  - 9 I owe this example to Jonathan Boston.
  - 10 Another well-known voting power measure is the Shapley-Shubik index, which gives results generally similar but not identical to the Banzhaf index. See Felsenthal and Machover (1998).
  - 11 Calculators for Banzhaf indexes are available at a number of sites on the internet. I used the one provided by Temple University at <http://www.math.temple.edu/~cow/bpi.html>. In using Table 3, readers should note that, unlike seat shares, shares of power are not additive. To use the example in the text, if B and C coalesced, their combined power would be 1.0, not .67.
  - 12 In New Zealand, according to Sorrenson (1986, pp.B-45-6), the dependence of Peter Fraser's Labour government in 1946–49 on the votes of the four Māori MPs was probably 'a significant factor' in its defeat. That dependence 'was ceaselessly panned in the pro-National press', as in cartoons that "showed Fraser forever pandering to a grass skirted Māori mandate". The consistent influence of Māori MPs over MMP mandate governments shows how far New Zealand has come.

## References

- Bale, T. and T. Bergman (2006) 'A taste of honey is worse than none at all? Coping with the generic challenges of support party status in Sweden and New Zealand', *Party Politics*, 12 (2), pp.189-209
- Boston, J. (2011) 'Government formation in New Zealand under MMP: theory and practice', *Political Science*, 63 (1), pp.79-105
- Curtin, J. and R. Miller (2010) 'New Zealand's multi-party system: a multi-party mirage?', in S. Levine and N. S. Roberts (eds), *Key to Victory: the New Zealand general election of 2008*, Wellington: Victoria University Press
- Downs, A. (1957) *An Economic Theory of Democracy*, New York: Harper and Row
- Felsenthal, D.S. and M. Machover (1998) *The Measurement of Voting Power*, Cheltenham, UK: Edward Elgar
- Gambetta, D. and S. Warner (2004) 'Italy: lofty ambitions and unintended consequences', in J. Colomer (ed.), *Handbook of Electoral System Choice*, Houndsmills, UK: Palgrave Macmillan
- Malone, R. (2008) *Rebalancing the Constitution: the challenge of government law-making under MMP*, Wellington: Institute of Policy Studies
- McDonald, M.D. and I. Budge (2005) *Elections, Parties, Democracy: conferring the median mandate*, Oxford: Oxford University Press
- McGann, A. (2006) *The Logic of Democracy: reconciling equality, deliberation, and minority protection*, Ann Arbor: University of Michigan Press
- Miller, N.R. (1983) 'Pluralism and social choice', *American Political Science Review*, 77 (3), pp.734-47
- Miller, R. (1985) 'Social Credit/the Democratic Party', in H. Gold (ed.), *New Zealand Politics in Perspective*, Auckland: Longman Paul
- Miller, R. and J. Curtin (2011) 'Counting the costs of coalition: the case of New Zealand's small parties', *Political Science*, 63 (1), pp.106-25
- Nagel, J.H. (1994) 'How many parties will New Zealand have under MMP?', *Political Science*, 46 (2), pp.139-60
- Nagel, J.H. (1998) 'Social choice in a pluralitarian democracy: the politics of market liberalization in New Zealand', *British Journal of Political Science*, 28 (2), pp.223-67
- Nagel, J.H. (2000) 'Expanding the spectrum of Democracies: reflections on proportional representation in New Zealand', in M.M.L. Crepaz, T.A. Koehle and D. Wilsford (eds), *Democracy and Institutions: the life work of Arend Lijphart*, Ann Arbor: University of Michigan Press
- Powell, G.B. (2000) *Elections as Instruments of Democracy: majoritarian and proportional visions*, New Haven: Yale University Press
- Sorrenson, M.P.K. (1986) 'A history of Māori representation in Parliament', Appendix B in *Report of the Royal Commission on the Electoral System: towards a better democracy*, Wellington: Government Printer
- Vowles, J. (1991) 'A case for electoral reform', *New Zealand Herald*, 29 May, reprinted in A. McRobie (ed.), *Taking it to the People: the New Zealand electoral referendum debate*, Christchurch: Hazard Press, 1993