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VOTE MMP

**We put the case for this
controversial system**



**REBEL THINKER NOAM CHOMSKY
DAWN DUNN'S GARDENING**

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MPA

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VIEWPOINT

MMP: THE WAY TO GO



TERRY SNOW

Editor

The decision to put the case for MMP, which this issue of the magazine does, was not taken lightly. It coincides with the conclusion of the 1986 Report of the Royal Commission on the Electoral System – subtitled importantly “Towards a Better Democracy”. The opening words state: “This report is about our democracy. It is about the way New Zealanders give their consent to the exercise by Parliament and the Government of great public power.” This declaration should be remembered as the context in which the commission ultimately recommended Mixed Member Proportional (MMP) as the most desirable electoral system. It was concerned with “our” democracy, not the democracy of a particular lobby group or political persuasion and it was concerned about the way “New Zealanders” in general give their consent, not some or a few, and not simply the powerful or those close to them.

Recently a newspaper columnist asserted that “a vote for MMP is a vote for irresponsible government”. That’s not only a slur on the depth of considerations undertaken by the Royal Commission, but it is illogical. People vote. The responsible or irresponsible nature of government is then in the hands of the elected politicians. Stable or unstable government, similarly, is in the hands of those who are in government. This kind of damning statement is like a lot of the electoral bullying and victim blaming that goes on (... if you go walking at night, you will be blame if an attacker assaults you ...). Whatever happened to the certain responsibility that falls on the attacker in crime, or the politician in power?

Simon Upton, a symbolic voice for both major parties’ desire to retain the present voting system, raised the spectre of fragmented, special-interest parties when he put the case for the existing broad-spectrum parties in a speech at Canterbury University in August. Yet, with masterly self-contradiction, he also advocated the relaxation of the party whip system that ensures

conformist party votes in Parliament, on the grounds that the public “find it less and less credible that the members of a political party can somehow agree on their approach to absolutely everything”. When the broad department-store approach to retailing or the catch-all corporate business are both giving way to more focused, specialist stores

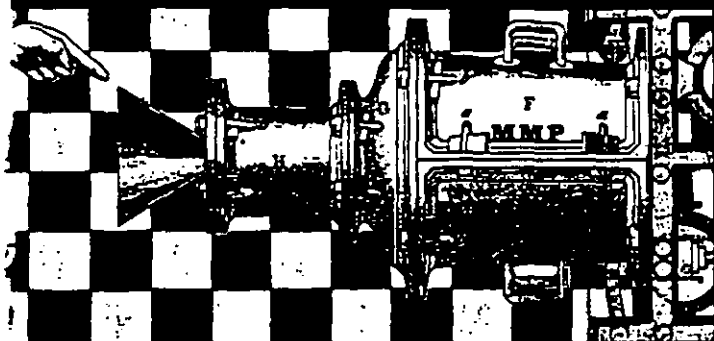
and business functions, and to more choice for the public, there is no reason why several, more focused, smaller political parties shouldn’t offer a similar variety in the marketplace of universal suffrage. It’s called competition in a free-enterprise society. Nobody has declared the free market in political choice, ideas and philosophies closed. And just as varied businesses can co-exist profitably and even find a community of interest within industry or retail groupings, modern political parties should be able to find similarly productive coalitions of interest.

Nor should there be any fears that a better democracy is worse for business. The more the politicians keep their fingers out of business, the more business will be able to prosper according to the well-founded principles that are commercial rather than political. The problem is rather that some businesses want to keep their fingers in politics.

The details of the virtues of MMP and its workings are covered in the articles in this magazine. For those who favour the existing system, or who preferred the Single Transferable Vote (STV) in the referendum, there will be much to debate. But there is an essential underlying principle to consider. New Zealand’s present voting system has serious deficiencies – as the commission found. “The process of choice should to the fullest extent possible give each member of the community an equal part in the choice of the Government and a fair opportunity to participate in the process.” In the choice facing us next month, MMP is the one that offers more voters a fair go. ■

VOTE

BY GORDON CAMPBELL The vote on electoral reform is the most important



choice we face since women's suffrage, exactly 100 years ago. On November 6, we will not only vote on who will govern us for the next three years – we will decide how we should be governed, perhaps for the next 100 years.

The politicians, alas, have once again failed the test. Since the first referendum on electoral reform in 1992, they have largely put self-interest above the people they are supposed to serve. They could, and should, have stood aside. Instead, last year, they formed a bipartisan group to retain the current system. When the vote went to MMP, they did not step aside and let an independent tribunal shape the relevant legislation. The result? The public now face a choice between an MMP option with 120 members, and a First-Past-the-Post (FPP) option with 99 members. The politicians have created a situation where a vote on electoral reform will be confused with a vote on the size of Parliament.

To whom can the public turn? The polls show that many New Zealanders still feel they lack the clear information they need to make an informed choice. To date, this vacuum has been filled by pressure groups – and, belatedly, by a burst of blandly irrelevant official television advertising. When politicians betray the public's trust, should the field be surrendered to the pressure group with the biggest bank balance?

The *Listener* says no. For over a year now, this magazine has been there, covering the story of electoral reform. Last year, we canvassed the merits of the various systems on offer. This year we reported from Germany on how that country has fared under MMP. Week by week, we have brought you the politics of the debate as it has unfolded – and we have investigated the backing of the main pressure groups leading the debate, and probed their finances.

The politicians have not done their job. And pressure groups have, as former Prime Minister S

MMP

Geoffrey Palmer says, run campaigns marked by "fear and falsehood".

In the light of this situation, the *Listener* has come to a conclusion. It endorses MMP as the best option for the problems facing this country. This is an unusual step, and a bold one. We know we will catch some flak. Some would prefer we stayed on the sidelines.

We believe, however, that the royal commission got it right when it advocated MMP. We believe that Judge John Wallace was right when he stressed the issue of fairness. We believe the *Economist* magazine was right when it concluded: "The current, First-Past-the-Post system is undemocratic. On that ground alone, it needs to be replaced. True, it produces clear-cut governments. But so do some fairer systems, used in a majority of the world's democracies. And since the perception of fairness is the acid test for democracy – the very basis of its legitimacy – the unfairness argument over-rides all others."

That does not mean we think MMP is a perfect system – nor will it solve all the problems facing this country, not by a long shot. But it is fairer than the present system. It produces a form of government in which the voices of democracy are heard more clearly, and thus provides a stronger check and balance on the abuse of power. MMP holds out the prospect of a society in which politicians are more accountable – which can only mean that Parliament and its laws will be held in greater respect.

So the risk we run is worthwhile. It is in the tradition of heart and intelligence that has marked this magazine for over 50 years. We have always believed that we share with you, our readers, faith in this country and its future. For that reason, we have put the case for MMP. For the next few pages, we outline the reasoning behind that choice. We know you will read it critically, and we hope you come to the same conclusion.



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Our current electoral system protects the powerful. There are 20 ministers in the current Cabinet, and five more outside Cabinet. The seats of every one of those 25 ministers lie outside the massive 6.1 percent nationwide swing that Labour needs to win this year's election. Clearly, our current voting system makes it extremely hard to shift the governing elite. Even in Labour's 1990 election bloodbath, only a handful of ministers – Phil Goff, Ralph Maxwell, Annette King and Peter Neilson – lost their seats.

So why, in the current debate on electoral reform, is MMP being singled out as the system open to capture by the party bosses? The myths being bandied about in this year's debate on electoral reform deserve closer scrutiny.

Myth 1: Under MMP, the party bosses will control the party lists. Party hacks and has-beens will get on the lists, and will never be able to be removed. There are major safeguards against this happening. The legislation requires that each party use democratic methods to compile the party lists, and enables them to be sued in the High Court if they don't. There will also be an Electoral Commission overseeing the election process. There will be precious little scope for a party to stack the list with its mates. If these legal threats were not enough, simple logic deflates the myth. Under MMP, the top of the party list is the party's shop window – and it is hard to see why a party that wants to win as much popular support as possible would place hacks and has-beens in that prime position.

As we have already seen, the party elite are protected under our current electoral system. One clear sign is the fact that Cabinet ministers are rarely found in marginal seats. Moreover, under the current system, most electorate races are foregone conclusions. As Victoria University senior law lecturer Mai Chen has calculated, some 60 percent of FPP contests are decided by the party machinery – simply by the choice of the candidate. Whoever stands for National in Pahiatua, or Labour in Porirua, is as safe as houses – and, as Chen's work shows, the majority of electorate contests under FPP are almost as cut and dried.

The myth, in other words, should be stood on its head. Under our present voting system, the public has in practice little or no chance of challenging the party bosses if

they put up a has-been, a hack or a drover's dog in most seats. And that is the end of the voters' role, under FPP.

Under MMP, however, voters have more power. If a party stacks its list with hacks, it can be punished in the party vote. This sends a direct message to the party bosses. It tells them what kind of candidates they should put on the list if they want to attract support. Why is this crucial? Under MMP, it is the nationwide pattern of the party vote that decides the election result. MMP holds up a mirror to voter sentiment and adjusts the seats in Parliament to match. Under FPP, however, the election hinges on the chance outcome that emerges from 99 discrete FPP electorate races. That's how, in 1978 and 1981, National could get fewer votes than Labour and still win the election.

MMP is also better for women. The pressure that the

opposition. But it would have made it impossible for anyone to accuse the MMP party lists of being undemocratic. However, even the closed party list still produces a more democratic election result than that delivered by FPP. The public can, and will, let the parties know if the lists are not up to scratch.

Myth 2: MMP creates bigger electorates that will make it harder to have contact with MPs. The simple fact is that the list MPs will also do electorate work, alongside the colleagues elected in local contests. The party's image within the electorate demands that this happen.

In fact, under MMP, MPs will need to be more responsive to their electorates. Since everyone's vote – even the vote for the opposition in a safe government seat – will now count for the first time in the overall result, MPs will no longer be able to ignore the individuals and pressure groups in their neck of the woods who support opposition parties. Each has to be wooed now, because their vote will count in the party tallies that decide an election.

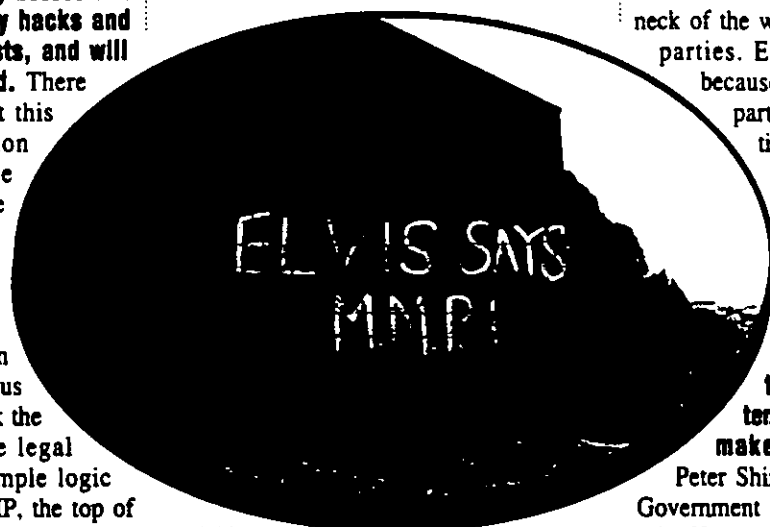
Yes, local electorates will be larger – but there will be more MPs to work in those electorates, and new incentives for them to serve the public more thoroughly.

Myth 3: We don't need electoral reform. The current system works, and we only need to make it work better. Early on,

Peter Shirlcliffe's Campaign for Better Government made a song and dance about this. However, according to spokesperson Owen Jennings, the organisation's overhaul of Parliament has now been reduced to just two paltry suggestions: to make the Speaker independent of party affiliation, and to appoint a parliamentary commissioner who could suggest how Parliament could be improved, although these recommendations would not be binding. This laughable outcome leaves MMP as the only chance for substantive reform of Parliament.

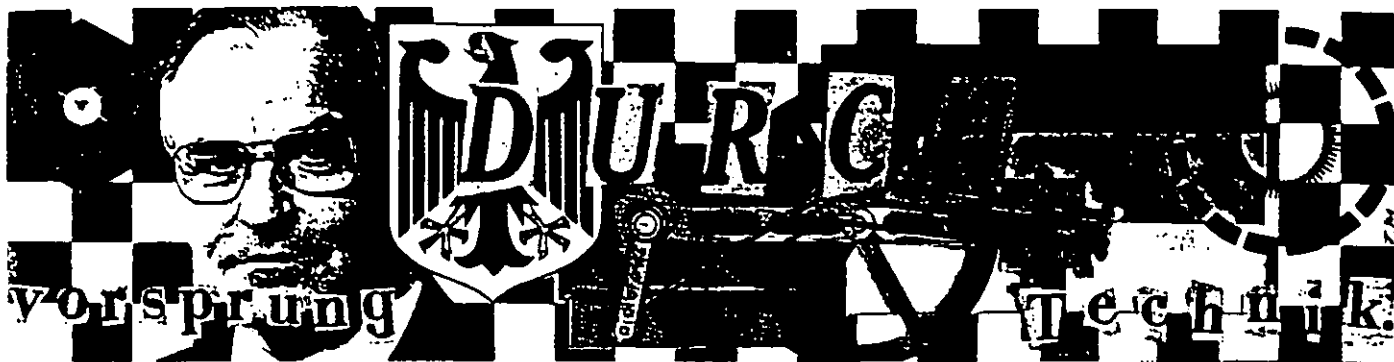
Myth 4: Under MMP, the tail wags the dog. MMP will give undue power to single-issue parties who will call the shots in the ruling coalitions. Again, the public is not stupid. If minor parties exceed their brief, the voters will pass judgment on them at the next election. That is what happened in Germany when the small Free Democrat Party flexed its muscle. It also happened in New Zealand, when Social Credit went beyond its brief over the Clyde Dam and took fatal beating at the next election.

If a minor party exceeded its mandate in any future MMP government in New Ze-



public can exert on the party list will result in a wider, more representative range of MPs. It is no accident that, of the 10 countries with the highest ratio of women MPs, eight have proportional representation (PR) systems. In essence, MMP creates a free market. The party with the best list – on overseas experience this tends to be one showing gender, ethnic and regional balance – is likely to prosper.

Even so, the *Listener* would have preferred that there were open party lists – and not the closed lists advocated by the royal commission and adopted by the select committee on electoral reform. With open lists, the public could have rolled up on election day and re-arranged the party list, ranking the names on the list in order of preference. Yes, this would have been difficult – it would have meant some messy logistical problems in counting the ballots, and it probably would have encouraged some candidates on the lists to compete with each other for popular support, rather than fight



MMP - IN GERMANY

BY ANTHONY HUBBARD

Germany confounds the usual myths about PR-style government. The switch to MMP, say the critics, will mean weak, unstable administration. Cowardly coalitions that won't take tough decisions. Ruling parties racked by blackmail, where the smaller coalition partner calls the shots. Non-governing governments that bicker - and then collapse.

Germany is not like that. Postwar German governments have been exceptionally stable. First, 20-odd years of conservative Christian Democrat rule, usually in coalition with the small, centrist Free Democrats. Then, 13 years under the left-of-centre Social Democrats, again with the Free Democrats. Finally, for the last 11 years, another Christian Democrat-Free Democrat coalition. Two major changes in 44 years!

Critics say this gives too much power to the Free Democrats, the small king-maker party that has brought down governments by switching to the other side. The tail, they say, wags the dog. In fact, a tail cannot wag a dog, even in the mythical Germany of the critics' dreams. When the Free Democrats broke away from Ludwig Erhard's CDU in 1966, the CDU and the Social Democrats formed a Grand Coalition. The king-maker was left out in the cold.

In the next election, in 1969, the electors punished it for what it saw as opportunism: the FDP barely jumped the five percent threshold in Parliament. Small parties that switch, risk being outflanked by the two big parties in a grand coalition, along with punishment at the polls. They also risk the displeasure of their own supporters. The Free Democrat move to Willy Brandt's Social Democrats in 1969, and its later move back to Helmut Kohl's Christian Democrats in 1982, came only after agonising debates within its own ranks - and significant loss of support. Small parties cannot switch willy-nilly.

Have German governments been weak and shilly-shallying? For most of the postwar period, this argument would have caused laughter. If the German government was so hopeless, how come Germans were so rich and contented? Now, with Germany deep in recession, the critics are trying another tack. MMP was a fair-weather system, visiting German political scientist Ludger Kunhardt told New Zealanders last month. It worked in the good times, but now, with problems all around, Germany needs strong, single-party government: FPP.

This underestimates the problems Germany has faced in the past, and the strong measures German governments have taken to deal with them. There were painful recessions in the mid-60s, the mid-70s and early 80s. Hard, unpopular decisions were taken by both right- and left-oriented coalitions to deal with them. Willy Brandt's Ostpolitik programme in the early 70s, which set relations between Western and communist states on a new footing, caused violent controversy at home. Now it is recognised as a milestone in European postwar history.

Professor Kunhardt says the German government is now para-

lysed and indecisive, the voters are frustrated and increasingly turning to extremist parties for salvation. But none of this has much to do with the electoral system. Helmut Kohl's government is in trouble. Kohl's coalition has been in power since 1982 and is running out of steam. Long-lasting governments under FPP have exactly the same problem. Look at Britain's Conservatives, in power since 1979: paralysis and trouble all around.

Voter dissatisfaction is endemic in Western states, both under FPP and PR governments. In Germany, one of the causes is the recession. The Germans are used to growth and prosperity, and they get frustrated without them. The prime cause of the recession is unification. Not even the super-wealthy Germans could take in 16 million poor neighbours without trouble.

The growth of right-wing extremism is nothing new and nothing to do with the electoral system. A neo-Nazi party gained support during the recession of the mid-60s and nearly scaled the five-percent parliamentary hurdle in 1969. It soon faded. The respectable, responsible parties, which actually run the Parliament, freeze the extremists out.

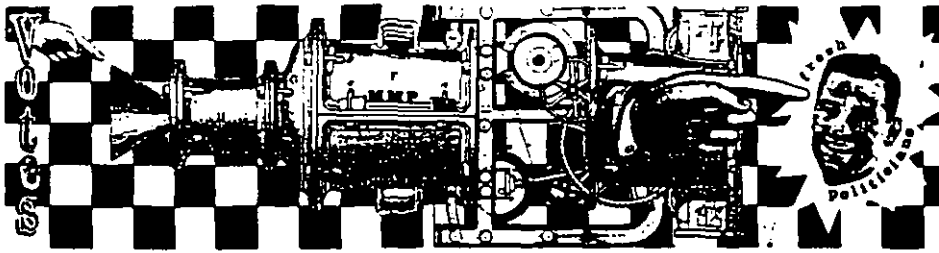
German political scientist Professor Dieter Nohlen, of Heidelberg's Ruprecht Karl University, says Germans do not want to change their electoral system. "The fact is that in Germany there has really been no electoral reform debate since 1969 - the expression of a high degree of satisfaction with the system of MMP."

But would MMP work in New Zealand? How will the German model perform in a very different political culture? There is no obvious reason why it should not work. Many New Zealand voters thirst for a more stable, consensus-style government. They want no more of the wild policy swings of the last 20 years. In this, they have German-style aspirations. Kiwi voters are no more likely than Germans to tolerate small-party blackmail of large parties. So why shouldn't the new system suit them?

There will, of course, be some changes. German voters know that parties' election promises are not set in concrete. They are subject to the inter-party negotiation that takes place after the election. In order to form a coalition, the parties have to compromise. Sometimes they have to accept changes to their policies.

But this already happens in New Zealand under FPP. The post-election bargaining takes place not between parties, as in MMP, but between the different factions of the ruling party. Again, trade-offs over policy occur. This has led to the familiar complaints about broken promises. Under the new system, the voters will have to look at parties' election pledges in a different light. Instead of solemn, binding promises, they must be taken as goals and aspirations, subject to negotiation with other parties.

This does not mean MMP is a charter for treachery. A party cannot discard its policies on a whim. Policies that are seen as central to the party's ideology and its ideals cannot be given up lightly: the voters will not tolerate open opportunism. At the same time, most Kiwi voters know well enough that politics is about compromise.



HOW IT WORKS

We know how the current voting system works. We have one vote, for a local candidate, who usually represents a political party. The party that wins the most seats, forms the government. It is a winner-takes-all system.

Nothing could be simpler than this – but it is also a crude, unfair system. In both 1978 and 1981, Labour got the most votes nationwide, but lost the election. Social Credit got 21 percent of the vote in 1981 and only two seats, and the New Zealand Party got 235,000 votes in 1984 and no seats. Although National got less than half the vote in 1990, it won over two-thirds of the seats.

These are not FPP's only failings. Under the current system, if you vote for the losing local candidate, you may as well not have voted. If you happen to live in a safe seat, voting for the opposition is a futile gesture. In fact, our current voting system distorts democracy so thoroughly that the parties ignore even their own supporters in safe seats – and throw resources and party workers into the key marginals that decide the election result. In essence voters in the marginal seats decide the outcome for the whole country.

That's why so few countries want a bar of our electoral system. "Not even the Italians," as the *Economist* recently observed, "want the pure milk of FPP." Why is FPP such a poor way to elect a government? The reason is that it cuts up the election into 99 discrete contests, then hands total, unbridled power to whoever wins most of them. The result: since 1935, 15 of the 19 governments we have had in this country have not had the support of even

half the voters. The last government that a majority of New Zealanders voted for was in 1951 – 42 years ago!

Does MMP tackle those problems? Yes. It gives two votes: one for the local candidate; one for the party. Under MMP, 60 MPs will be elected in local contests, and another 60 MPs will be elected via party lists that will be well publicised beforehand. The candidates who win the local races become MPs: the party votes are then tallied, and seats in Parliament are allocated according to the level of support. This procedure lies at the heart of the claim that MMP is a fairer system: each party gets seats in Parliament almost precisely in proportion to its level of public support, nationwide.

There are other benefits. For the first time ever, a vote for Labour in Remuera will count in the final outcome, and so will a National vote in Auckland Central. Such votes will count when it comes to allocating the list MPs. A further bonus: MMP gives us the freedom to split our vote. If we like a local candidate (say Christine Fletcher in Eden) but don't like their party, we can split our vote and select the best candidate – and *still* support the party of our choice. These freedoms simply do not exist under FPP.

Other factors: voters have nothing to lose by having a fling with MMP this year. If MMP wins the referendum, voters can sample it in the 1996 and 1999 elections, then in 2002 they will get the chance to return to FPP if they wish.

The Maori seats will be kept under MMP. In future, the number of seats will go up or down, depending on the number enrolled on the Maori roll.

land, the voters would judge it accordingly, and the party would suffer the consequences. Participation, as the German experience with MMP shows, exerts great moderating influence.

There is also a positive aspect in the role played by small parties in ruling coalitions. It means the nation can benefit from the best talent available. The Free Democrats provided Germany with Hans-Dietrich Genscher, one of the best foreign ministers of modern European history. Wouldn't a small country like ours benefit if – under MMP coalition government – we could tap the best political talent we have, regardless of party? **Myth 5: MMP will produce timid coalition government – which will not have the courage to make the tough, unpopular, but necessary, political decisions.** This will be news to Germany, which has had prosperous, firm government – its foreign minister spearheaded the political moves that led to the collapse of communism in Europe – for decades. Other countries with proportional representation (from Israel to the Netherlands) have strong governments. The royal commission weighed this question and found "Governments remain at least as effective [under MMP] and possibly more if proportionality results in the adoption of more consistent, consultative, broadly supported policies."

In other words, the experience elsewhere in the world shows that coalition governments can make tough decisions. There is no reason to think New Zealanders will not do likewise. In the royal commission suggests that a MMP-style government will provide the public with more opportunities to give the need for those tough decisions. The government will be more effective. The party lists also enable experts in policy and legislation to gain a secure platform within Parliament – which overall, the royal commission suggested, will function better as a forum for debate as a watchdog on the actions of government. "Our clear impression from submissions made to us," the Royal Commission concluded, "is that electors would welcome more consultative government, and greater continuity of policy."

This is a key point, and one of the strongest in favour of MMP. New Zealanders have suffered in recent years from legislation conceived in haste, rammed through Parliament by the weight of numbers. The ACC legislation now taking its toll of misery among recent accident victims, is a good ex-

Things have got done – but the authority of Parliament has been undermined in the process. The public has been treated as too silly to be consulted. Faced with the reality of elected dictatorship, voters have become angry and cynical. As the *Economist* says, "Mutual contempt is a poor foundation for good government."

Consulting widely and gaining broad support for policy has fallen out of favour in New Zealand since 1984. As Professor Richard Mulgan of Auckland University has said (*New Zealand Herald*, 17/1/93), "We have seen a style of politics emerge that is profoundly undemocratic."

Amid the power elite and the businessmen's clubs, Mulgan explains, the true job of government is seen as being to establish the legal and economic conditions deemed essential for prosperity. Parliament and its select committees – prone to being swayed by lobbyists and special pleaders – stand in the way. So do the public at large. "They are seen as incapable," Mulgan writes, "of understanding the realities of government, and are fit only to be wooed by public relations experts. The business of government is therefore to stand firm against any expression of contrary opinion by the community. Such opinion will inevitably be biased or ill-informed, and must be resisted in the public interest." In these circumstances, it is no sin to break election promises. This is not seen as underhand – but as positively courageous and public-spirited.

Most of the public policy elite who hold such views, Mulgan says, reluctantly accept that elections are inevitable in New Zealand. "Some," he continues, "may look wistfully to countries such as Hong Kong or Singapore, where the people are kept in their place."

This mindset underlies a lot of the criticism of MMP. Critics fear that MMP governments will be too "timid" to force the public to toe the line, and will allow the feckless public to resist what is deemed to be best for them. "What angers us," Mulgan concludes, "is not that politicians are having to make tough decisions. It is the assumption that we cannot be trusted to understand the need for such decisions, that we have to be comforted with harmless bromides or news media hype."

Perhaps it is now time to leave the kindergarten, to which both Muldoonism and Rogernomics have consigned us. Our current voting system supports and maintains the nanny state – it encourages the political leadership to rely on its sheer numbers in Parliament to have its way. It keeps the public (regarded as too stupid and selfish to understand the issues) in a perpetual state of ignorance and dependence. It is time to grow up, and move on. MMP will still enable our leaders to make the tough decisions – but it will require them to take us with them when they do. Not by brute force, but by dint of reasoned argument and public debate.

There is no reason to assume that we won't act as adults, if we are treated as adults. The time for being hectored into obedience is over. Once MMP is in place, there is even a chance that the politicians in Parliament might learn to behave like adults. The sky's the limit.



WHAT WILL IT COST?

Who wants to pay for more MPs? Who needs more hot air, more travel perks and a few extra gold-plated super schemes? No one. The politicians knew that when they stacked the deck against MMP by making sure it would have more MPs than the current FPP system.

Fine. Let's tackle that head on. The Parliamentary Services section has estimated that, under MMP, the 21 extra MPs would cost an additional \$5 million a year – made up of \$4.77 million a year for the extra wages and expenses, plus \$221,760 per year in taxpayer superannuation subsidies. Inevitably these figures include guesses about how an MMP Parliament would function: if, in fact, the size of Cabinet was reduced, the 21 MPs could end up costing little or nothing extra at all.

Well, \$5 million is a lot of money – but it is peanuts within the \$29.6 billion it currently costs to run the business of government. That extra \$5 million a year is less than one-fifth of what we spend *each day* on social welfare payments, and amounts to a .017 percent increase in the overall cost of government.

Will it be value for money? Yes. If, for an extra \$5 million, we can transform our current form of elected dictatorship into a genuine democracy, it will be money well spent. The current FPP system is not value for money. As the *Economist* says, "It is inefficient to run a Parliament which has so little real ability to scrutinise, question and challenge the [Cabinet] executive – and where so much debate takes place in a two-thirds empty chamber, late at night."

The thrifty may still need to be convinced, so let's go further. If we vote to retain the current sys-

tem, we may well get those 21 extra MPs (or more) in the near future, regardless. For one thing, the 1986 Royal Commission recommended it. It said the current system would work much better, particularly at the select committee level, with 120 MPs. So watch how long it will take, if FPP wins the referendum, for MPs to suddenly rediscover the royal commission – and move to increase the size of Parliament.

If FPP wins, more millions will also be spent over the issue of an upper house. When Justice Minister Doug Graham introduced the electoral reform legislation back into the House in August, he said the select committee had voted to defer (note, only to defer) a referendum on creating an upper house. Graham said: "The select committee concluded that the first choice between a First-Past-the-Post system and MMP may become blurred and made more difficult by the presence on the ballot paper of the Senate option. To avoid that possibility, the Senate question has been deferred until next year or even later and, of course, a referendum on that will be held only if the first-past-the-post system is preferred."

So, if FPP wins in November, we will have, at some future date, another referendum costing millions. The budget for this year's referendum is over \$16 million! In addition, we would face the prospect of forking out for at least 30 more MPs to fill the upper house.

So the issue is not a straight choice on whether or not MMP will cost us for 21 more MPs. If we vote for the current system, we face a bill for millions in the future – to pay for yet another referendum, and for the MPs to fill the upper house.

RUNNING ON MMP

BY GORDON CAMPBELL



A few months ago, a Swedish academic handed a bundle of shares to several sharemarket analysts. He also gave some to a monkey called Otho. The analysts were asked to invest wisely, but Otho did his investing by throwing darts at a list of company names. As business reporter Lou Dobbs reported on Cable News Network, Otho's investments finished 50 percent ahead of the analysts'.

Moral: no one knows the secrets of business success; but how we elect our MPs is probably not all that crucial to the outcome. Yet, if you believe the rich and powerful, changing the voting system will mean the end of civilised commerce as we know it: our CDs will fall silent, our minds will darken, we will soon be scooting round on all fours grubbing for roots and berries. New Zealand will revert to a barter economy, based on the moa egg standard.

I'm not kidding. Bill Birch says a change to MMP would be "a catastrophic disaster for democracy". Ruth Richardson foresees "economic ruin" and Peter Shirlcliffe predicts "chaos". The Chambers of Commerce are worried. Pundits warn that the gains of the last 10 years would have been impossible under MMP, and that we jeopardise the recovery if we vote for electoral reform.

Rubbish. This is headless chicken territory, the sort of hysteria we haven't heard from business since ... well, actually, we hear it quite regularly from the captains of commerce. They had hysterics when women got the vote. They preached doom when the equal pay laws were passed. The captains of commerce like to think they are buccaneer risk-takers – but, in fact, change in almost any form gives them a fit of the vapours. After they've had a good lie-down, they'll feel much better about MMP.

Friends, stable decisive government is not only possible under MMP, it is more likely. Most of Europe functions on some form of proportional representation (PR) – and for the last 25 years those countries have beaten us soundly in growth, productivity and control of inflation. Germany rebuilt from the

ruins of war under MMP, became the powerhouse of Europe under MMP, and is surmounting its current problems (see *Business Week*, May 31) under MMP. Japan is now switching to a form of PR – with 250 MPs chosen from local electorates and 250 MPs from party lists. These reforms will fail, Prime Minister Morihiro Hosokawa warns, unless every voter feels determined "to root out money-dominated elections and the politics of greed" – so that the collusion between "politicians, bureaucrats and industrialists and special-interest legislators" can finally be broken.

So, if PR is bad for the economy, why is it embraced by the two most successful post-war economies? And why does Japan now view PR as a vital tool for revitalising its political and economic system? One thing is evident. Ruth Richardson was quite wrong (as usual) when she told Parliament in August that the international traffic was moving away from "discredited" PR systems and towards First Past the Post (FPP).

The MMP system proposed here is similar to Germany's. Parties must reach a five percent threshold of support nationwide to get any list seats at all. Such a high threshold prevents a gaggle of tiny parties with little public support from tying up the business of Parliament, and ensures stability. The shaky coalitions common overseas (Israel, Italy) occur where very low thresholds exist, or there are no thresholds at all. Even so, although Israel's ruling coalitions can be flimsy – they can come together or fall apart depending upon which 88-year-old rabbi is on side at the time – few people accuse Israel of having weak, indecisive leadership.

In fact, the *Economist* (May 1, 1993) can see no necessary link between the electoral system and how a party behaves in office. It pointed to strong, "even fierce" PR governments in Italy, and weak FPP governments in Britain. Let's demonstrate this point with examples from New Zealand's recent history. See if you can predict what conditions make strong (or weak) leadership likely:

Example one: a party wins fewer votes than its main rival, but the FPP system still lets it take the election with a comfortable 11-seat majority. Will it be strong or weak

about controlling the deficit? *Answer:* weak. The 1978 National government let the deficit blow out.

Example two: a party gets fewer votes than its main rival, but the wacky voting system this time gives it a slim majority – such that any parliamentary vote can bring it crashing down. Will it provide strong or weak leadership? *Answer:* strong. The 1981 National government enacted a wage and price freeze.

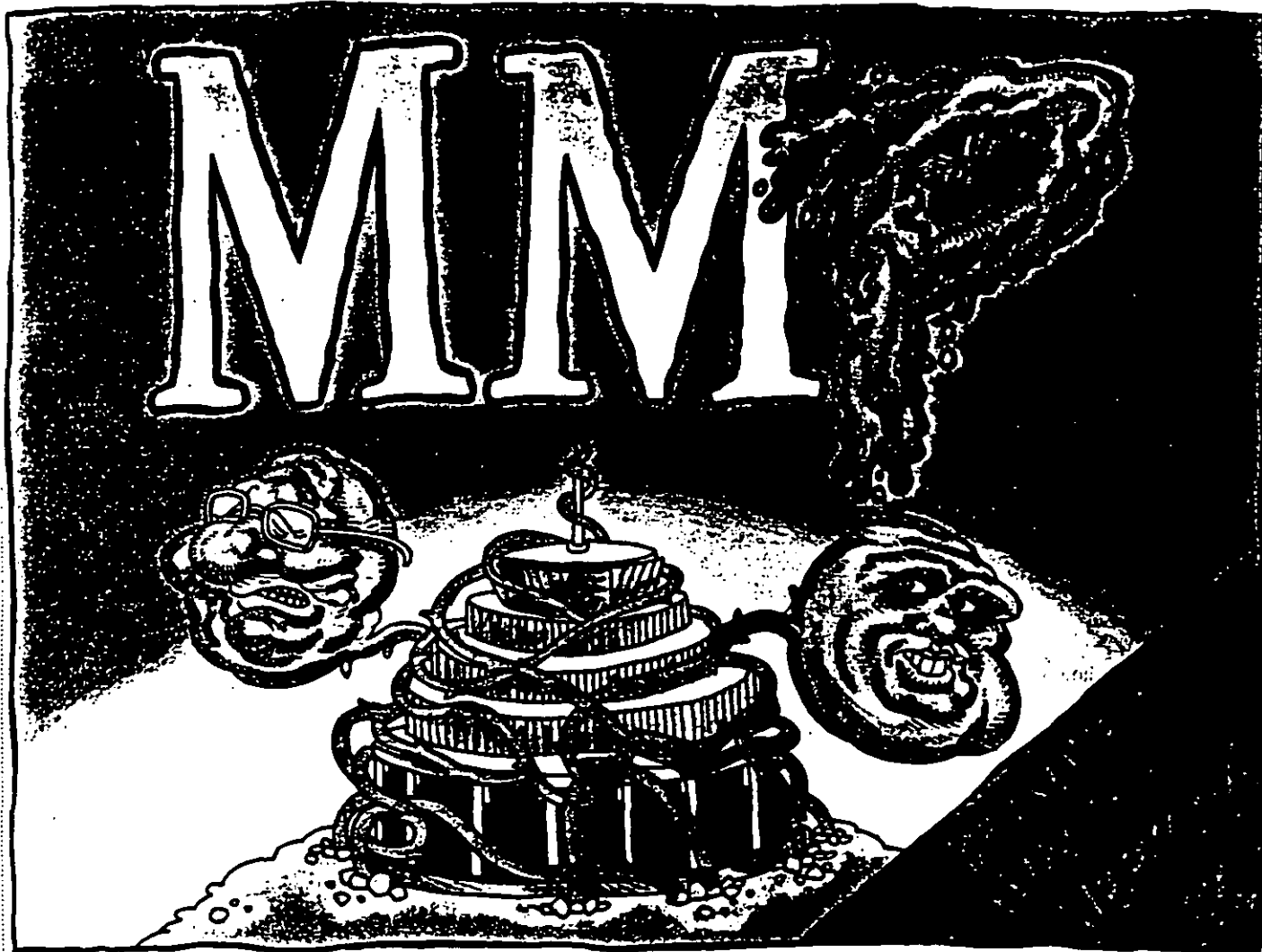
Example three: a government gains power by a narrow margin, after years in the wilderness. Will it be strong – or will it pander to its supporters? *Answer:* strong. The 1957 Labour government hammered the Labour faithful in the Black Budget.

Get the point? There is simply no connection between the electoral system and how strong the ruling party – or coalition of parties – will be in office. But let's suppose just for the fun of it, that Peter Shirlcliffe and his friends are right. Let's suppose that MMP will rarely result in a majority government that is able to govern without compromise. Will this be a bad thing?

No. In fact, the BNZ's chief economist Donal Curtin thinks this will be a very good thing. As he told the *National Business Review* in May, the clearcut outcomes of recent elections have been "a severe handicap, and one of the reasons why New Zealand's economic performance has been below par. From an economic point of view the reason First Past the Post has been harmful is precisely because it translates small shifts in voter sentiment into large changes in MPs. It can, and does, inject a high degree of instability into the conduct of policy, enabling a small minority of vote to facilitate abrupt changes of direction."

That has been our fate, under the current voting system. We have lurched to and fro from Muldoonery to Rogernomics. The instability comes with FPP, not MMP. Curtin concludes: "Against that background, a system like MMP – which probably enforces a more consensual approach to the first place and probably makes it hard to undo in the second place – offers a useful and overdue buttress to macroeconomic policy stability."

To prove it, we need only look at Germany under MMP – and we see decades of stability and prosperity. Oh, some do fu the German question. In *NBR* earlier



year. Massey University business law lecturer Bernard Robertson conceded that things had gone well for years, but look at it now! "Germany has the least productive workers in Europe; its union system is strangling the development of the eastern states; its subsidies have created a huge deficit which actually endangers confidence in the D-mark."

France and England, of course also have serious budgetary problems, and quite different electoral systems. More to the point, Germany is showing every sign of tackling these problems, without MMP being a hindrance. Finance Minister Theo Waigel has warned there will be "no taboos" in tackling the deficit, and will begin by cutting three percentage points off dole payments. Germany's biggest and most powerful union, IG Metall, under its new leader Klaus Zwickel, has signalled wage concessions, productivity deals, greater flexibility on work hours and Japanese teamwork methods. The notion of a Germany paralysed by MMP in its time of crisis – and needing to be saved by a burst of New Zealand-style elected dictatorship – is a fantasy.

An elected tyranny has ruled here. A tiny elite (hoods optional) within Cabinet has dictated to the rest of Cabinet, then to caucus, then to Parliament and from there to ordinary citizens. Who are the friends of this system? By and large, FPP's most prominent supporters are the same people who said that we had to change: who scrapped the jobs, cut the benefits, sold the state assets and turned the whole society upside down in the 1980s. However, as their turn for change has now arrived, they have poured money into advertising campaigns to scare off the public from voting for electoral change.

What is at stake for them? They stand to lose their ability easily to lobby government. Their worries about MMP boil down to self-interest masquerading as a concern for the national good. Their claims are largely the voice of privilege at bay – and Sir Roger Douglas, the self-declared enemy of privilege in all its forms, shouldn't have a bar of them.

Don't believe me? Well, let me cite a really top bloke. This learned chap is no

longer with us, but he lived in times of crisis, too. Social turmoil, harsh contrasts between rich and poor. This chap thought hard about how to make the system work better, and then he stumbled upon proportional representation and it made his day. In his autobiography, he called PR "this great practical and philosophical idea, the greatest improvement of which the system of representative government is susceptible ... it exactly meets and cures that inherent defect of giving to a numerical majority all power, instead of a power proportional to its numbers, and enabling the strongest party to exclude all weaker parties from making their opinions heard in the assembly of the nation, except through such opportunity as may be given them by the accidentally unequal distribution of opinions in different localities."

Who was he? J S Mill (1806-1873), a fount of the humane liberalism that the National party used to think it honoured. Frankly, if proportional representation was good enough for J S Mill, it's all right with me.