

5

The winner! The National Party, performance and coalition politics

While inequality was an important theme of the 2014 election, it was sidelined by an even more salient issue: the economy. In Chapter 3, we argued that the effects of the economy on voting choices are complex. Perceptions of the state of the economy may be based on limited knowledge and can be biased by past loyalties and voting choices, as well as by cues shaped by those choices. People often resist new information that is not consistent with what they believe. The effects of the economy on voting choices are best addressed within a wider framework of ‘performance’ or ‘valence’ politics.

As explained in Chapter 3, the literature on electoral politics makes a distinction between ‘valence’ and ‘positional’ issues. *Positional issues* are issues about which individuals have different values or interests. While some voters are in favour of increasing taxes, others are not. In terms of interests, voters calculate their utilities and compete with others over scarce resources, with some winning and others losing. In the language of game theory, positional issues are ‘zero-sum’ games. If taxes are increased, supporters win and opponents lose. Increased inequality is one of the results of how such ‘games’ have played out politically over recent decades.

Valence issues can be understood as ‘non-zero-sum’ games: everybody can potentially benefit because the debate is about how to best enhance shared values or interests. The most obvious shared interest for most people is a growing economy. Effective and competent leadership is another.

Perceptions of the ‘ability to deliver’ on positional issues also shape valence perceptions (Green and Jennings 2012). Valence and positional issues often interact (Clark and Leiter 2014); for instance, people may agree with a party’s policies, but doubt its ability to implement them effectively.

This chapter shows how the National Party won the 2014 election because of perceptions that the party was competent and well led. Its success relied mainly on valence issues. The economy mattered, but as part of a wider package of perceptions associated with competence and leadership, and above all because people who had voted National before saw no reasons to stop doing so.

National’s path to victory was not without obstacles. The government’s reputation for competence and good leadership was challenged by the book *Dirty Politics* (Hager 2014), and by the campaign run by a new political competitor, internet entrepreneur Kim Dotcom. National Party leader John Key’s integrity was put in doubt. Publication of *Dirty Politics* may have cost National a single-party government, although other marginal factors that counted against National may have had the same effect. Meanwhile, Dotcom’s intervention accentuated a problem of lack of coordination on the left, but may not have made it much worse.

The economy

In January 2014, Hong Kong and Shanghai Banking Corporation (HSBC) economist Paul Bloxham expressed a consensus among economic commentators, coining a much-repeated phrase: ‘We think New Zealand will be the rock star economy of 2014. Growth is going to pick up pretty solidly this year’ (Fairfax Media 2014). The year 2014 could hardly have begun better for an incumbent government. The rebuilding of the earthquake-hit city of Christchurch was reaching its peak, the Auckland housing market was booming and prices for dairy products, one of New Zealand’s biggest export products, were high on international markets. At the beginning of 2014, the New Zealand economy was projected to grow at one of the fastest rates in the developed world.

Looking back over the last few years, the picture had been very different. In mid-2007, just before the election of the first Key Government, New Zealand’s economic growth was beginning to falter as the result of a drought hitting farming production. Not long after, the effects of

the global financial crisis (GFC) began to bite. New Zealand's mainly Australian-owned banks were not badly exposed, although a number of finance companies went bankrupt (Oram 2015). Global effects on trade and investment put the economy into recession throughout 2009. The Labour-led government under Helen Clark had already initiated a counter-cyclical fiscal response before it left office at the end of 2008. It continued to spend despite declining tax revenues, and began to incur government debt to do so. A similar approach was continued under John Key's incoming National-led government. New Zealand's recession was not as deep and long as that in most other countries. By 2011, an economic recovery was well under way, reaching an annual rate of 3.3 per cent by the end of 2014. Figure 5.1 tells the story.

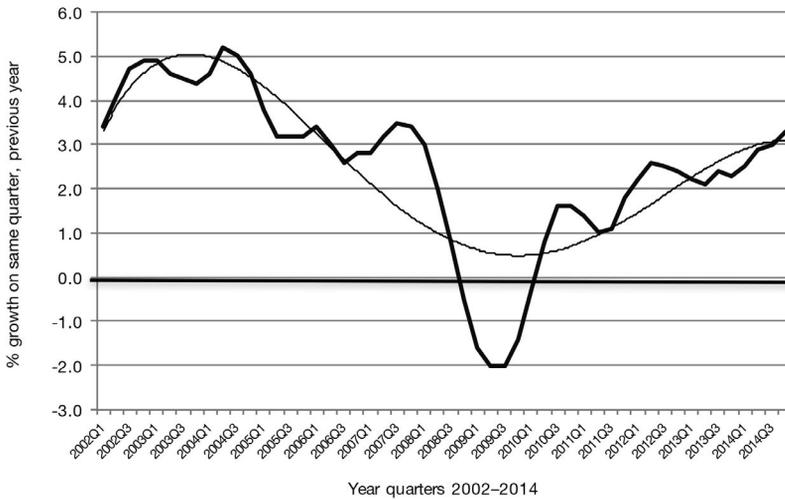


Figure 5.1: Quarterly economic growth (annual, on previous quarter), 2002–2014

Sources: Reserve Bank of New Zealand 2017; their data is drawn from Statistics New Zealand and Haver Analytics.

The statistics on growth are underpinned by evidence of public perceptions about the economy as measured monthly by Colmar Brunton research for TVNZ's *One News* program, displayed in Figure 5.2. Comparing to Figure 5.1, it is striking that while growth was stronger in the period prior to the GFC, optimism appears lower. This is because the question asked is a relative one, so when growth is strong 'the same' is as optimistic a response as 'better' (see Figure 5.2). Conversely, when growth is low, a 'better' response is paradoxically somewhat more likely.

As discussed in Chapter 3, the international literature on economic voting identifies the approval or disapproval of the economic performance of incumbent governments as one of the principal indicators of democratic accountability (for example, Anderson 2007; Duch and Stevenson 2008; Fiorina 1981). The theory tells us that a government perceived to have mismanaged the economy will be rejected by voters; one that has managed the economy well will be returned to office. Nearly one in five New Zealanders named the economy as the most important issue in the 2014 election, and nearly 80 per cent of those chose National as the party best able to deal with it. Relying on One News-Colmar Brunton polls, Figure 5.2 indicates that the trend of optimism has been upward since 2008, but particularly so from 2011 onward. A rising tide of economic optimism gave the National-led government a clear advantage in the 2014 election.

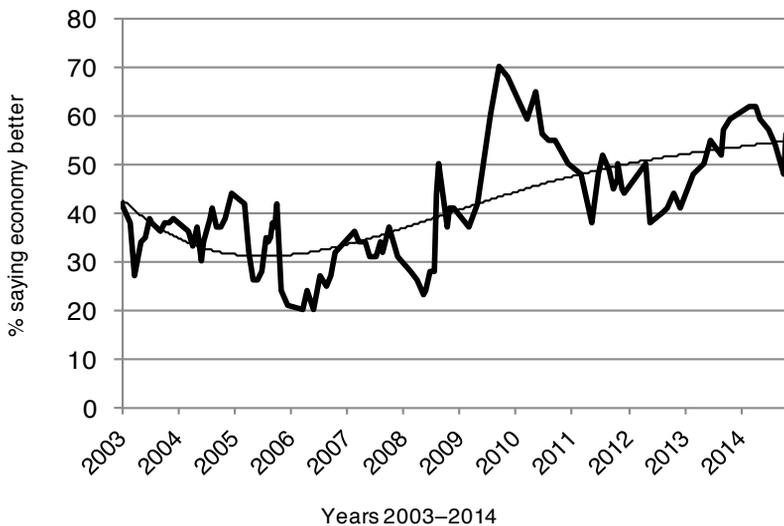


Figure 5.2: Economic confidence, 2003–2014

Note: The question was: ‘Do you think during the next 12 months the economy will be in a better state than at present, or in a worse state?’

Source: Colmar Brunton 2014.

As we have explained above, there are difficulties in estimating the effects of the economic vote. Discussed in Chapter 3, there is an extensive body of research in political psychology that tells us that many people have preconceived opinions that colour how they interpret new information. Many voters have relatively low levels of political knowledge. Many people

quite reasonably do not take the time to follow politics in any depth or detail, and tend to rely on bits and pieces of information they receive from sources that they trust. These sources will tend to confirm values rather than challenge them. The information voters receive often takes the form of cues that help them form their opinions on matters about which they would otherwise find it difficult to decide, and act as ‘shortcuts’. Political parties are a particularly useful source of political cues.

The use of such shortcuts and voters’ potential biases towards certain sources have important implications for measuring the economic vote. Regardless of the evidence by way of economic growth statistics, unemployment and so on, a party in government will always present its economic management in the best possible light. By contrast, parties in opposition will present the state of the economy negatively, and people with loyalties to those parties will take those cues (see Chapter 4, Figure 4.7). For this reason, despite objective evidence to the contrary (see Figure 5.1), 30 per cent of New Zealand Election Study (NZES) respondents indicated that they believed that the economy had got worse over the previous year, with another 25 per cent saying it had stayed the same.

According to the latest economic data released prior to the election and reported in newspapers, on the radio and on television, the economy had grown by nearly 3 per cent over the previous year, a very respectable figure by current international standards. Of the respondents, 45 per cent did agree that the economy had grown. One might expect that respondents’ levels of political knowledge would be an important predictor of responses to this question. But political psychology suggests that party-generated cues will be the main source of responses to the question, rather than levels of political knowledge. Observing that so many voters for opposition parties had perceptions at odds with the economic data, we can infer that voters for the National Party were similarly cued in the other direction, and would have been so regardless.

Therefore, we estimate the extent to which people are primed or cued by prior party preferences in their responses about the state of the economy. Traditionally, whether or not people say they have a party identification has been used for this purpose, but there are doubts about the value of questions based on this concept. As explained in Chapter 3, the traditional model of party identification assumes it is based on long-standing loyalty to a party, either inherited from one’s parents or otherwise acquired

early in life. It is a loyalty from which people may temporarily diverge, but they will later ‘come home’. The alternative theory conceives party identification as a ‘running tally’. People will take cues from a party so long as they make sense; however, when they do not, they may go elsewhere and not necessarily return. Evidence from New Zealand research does indicate that party identification does ‘travel together’ with vote in a way more consistent with the running tally model (Aimer 1989).

Time series analysis shows that party identification tracks vote (Karp 2010; Vowles 2014b: 46–47). When people change their vote, they tend to change to the party they voted for when asked to which party they are generally close. When voters are asked about closeness to a party, the government party usually comes out ahead. When out of government, a party tends to lose that advantage. Because the NZES is a post-election survey, closeness to a party is measured after people have made their vote choice. There is too much possible error in assuming that this closeness is a result of a long or even a medium-term loyalty.

Recollection of parental partisanship may be a better indicator of long-term loyalties, although even this may be biased by recall. We use this as a control in many of our models. Using previous vote as an indicator of more recent cues is a more effective solution to this problem. Those who voted National in 2011 can be assumed to be most susceptible to its cues; those who voted for other parties are more likely to have taken cues from National’s opponents. Testing this, the ‘they would say that’ theory wins out; previous vote is a powerful predictor of responses to the question on the previous year’s economic performance. More importantly, it conditions the effect of the economy on the vote. Figure 5.3 is drawn from a logistic regression model where National voters are coded as 1, others as 0 in 2014, containing all the variables already discussed in earlier chapters and adding government performance, leadership and responses to ‘Dirty Politics’ (see Appendix, Table 5.A1).

Figure 5.3 confirms that the better their assessment of New Zealand’s economic performance over the last year, those who voted National in 2011 were more likely to vote National again. But after the controls for overall government performance and leadership preferences are included, perceptions of the performance of the economy become too weak to be statistically significant or to fall outside confidence intervals. We cannot rule out an effect, but we cannot confirm one. A sceptic might point out that previous vote for National is based on recall that is sometimes prone

to error. The model can be replicated using NZES panel respondents only, based on the vote they reported in the 2011 wave. It produces identical findings. Alternative models adding political knowledge do not produce significant findings, but indicate that there were no economic effects on low-knowledge voters. Any possible effects of economic perceptions were confined to those with higher knowledge. Research on the 2011 New Zealand election similarly showed that if the economic vote mattered it did so only in combination with other variables that reflected more general satisfaction with the government’s performance (Vowles 2014c: 225).

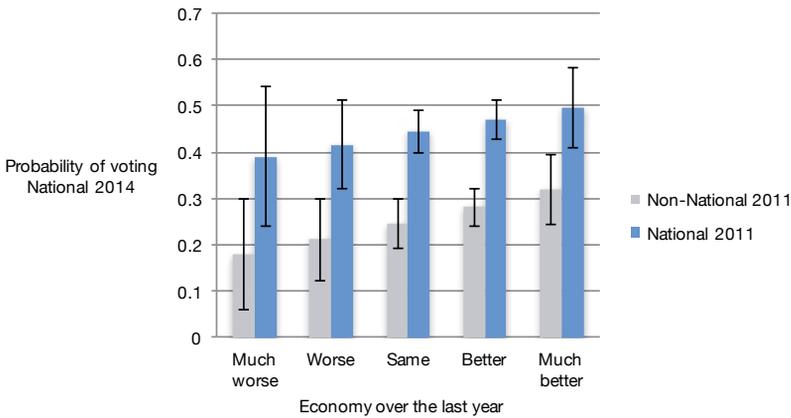


Figure 5.3: Effects of previous vote and perceptions of the economy on the probability of voting National

Note: Figure 5.3 plots probabilities from a logistic regression model on National vote versus the rest: the coefficients, standard errors, and significance statistics are in the Appendix, Table 5.A1.

Leadership and competence

As noted earlier, another key reason for National’s election victory was strong approval of National’s leader, prime minister John Key. Many voters trusted and liked him as a leader, and the NZES recorded John Key’s score as preferred prime minister at 55 per cent (compared with only 13 per cent preferring Labour leader David Cunliffe in that role, closely followed by 10 per cent saying ‘none of them’).

John Key was brought up by a solo mother in a state house in Christchurch, but his family background was not working class. His mother was a Jewish refugee from a wealthy family, who fled Austria in the 1930s. Key was

encouraged to take a business degree and thus in a sense work to restore the family fortune. He was very successful in doing so, embarking on a career as an international currency trader, during which he worked in Singapore, Ireland and New York. Key entered parliament in 2002. Despite having political ambitions from an early age, he had not been active in politics until he returned to New Zealand and joined the National Party in 1998. After his election, Key's parliamentary colleagues quickly recognised his talents and appeal. He was also a fresh face without political baggage from the past. In October 2003, National leader Bill English lost his job to former Reserve Bank Governor Don Brash, and Brash appointed Key as associate finance spokesperson. Key had not voted in favour of Brash in that leadership election because, as Key has explained, 'he was really, really, really right-wing, and I thought, "how do you win an election when you are at the fringe of your party's support?"' (Roughan 2014: 113). Brash regarded Key as his likely successor and, after National lost the 2005 election, Key challenged Brash and won the leadership in 2006.

Key's appeal had two important aspects. First, his personality and character resonated well with New Zealanders. He lacks 'charisma', a much over-used and misused word in politics, and a characteristic many successful political leaders manage to do without. People found him down-to-earth, easy to understand and relate to. He seemed the sort of person with whom one could have a pleasant conversation over a beer or at a barbeque. Key cultivated popularity by going on commercial radio regularly, with the objective of communicating with people who are not interested in politics. He tended to do relatively few interviews on radio or television news programs that cater to those with higher levels of interest, such as Radio New Zealand's program *Morning Report*, relying for exposure in those media outlets more than on coverage of press conferences or brief cameos. He was pragmatic, realistic and his supporters saw him as an achiever, both in his former financial career and as prime minister. As an election winner who maintained a consistently high level of popularity, he has been the most successful leader of the National Party since Keith Holyoake, who led National's four-term government between 1960 and 1972.

Key's second strength was a combination of his background and political moderation. Key did not vote for Brash in 2003 because Brash represented the hardline neo-liberalism of Roger Douglas and Ruth Richardson that many New Zealanders had rejected in the 1990s. As a young man, Key appreciated some aspects of former National Prime Minister Robert Muldoon's 'take no prisoners' leadership style. He is known to have

supported the broad thrust of the market liberalisation of the 1980s and early 1990s. But after he began his political career, he expressed no intentions to take neo-liberal economic reform significantly further, if only because he believed that most New Zealanders had little taste for it.

John Key's childhood was not deprived, but neither was it prosperous. Not long after becoming leader of the National Party, Key expressed concern about the development of an 'underclass', and drew attention to communities where 'the rungs on the ladder of opportunity' had been broken. While Labour politicians and activists saw this as a cynical attempt to appeal to some of their voters, the 2014 post-election 'material hardship package' initiated primarily by Key himself now suggests there may have been some authenticity to Key's earlier statements. On taking office in 2008, National also committed to retaining some core policies of the former Labour Government; in particular, the Working for Families program, made up of tax credits for low- and middle-income families with children with a parent in employment, and not therefore applying to those on benefits. This was despite Key's statement, when in opposition, that Working for Families would create 'communism by stealth' (Taylor 2004). Working for Families has had an important role in halting the trend towards greater inequality in New Zealand. Key also pledged to maintain without changes New Zealand Superannuation, a universal pension available to all who qualify at age 65. Under Brash, National had taken quite a different tack. In sum, Key may be described as a moderate centre-right politician who supported many aspects of a welfare state.

Our data confirms that John Key had strong personal appeal as a leader, and the overall performance of National rated well in public opinion. The distribution of the responses to the questions featured in Figure 5.4 shows evidence of substantial approval both of John Key as prime minister and of the National Government in general. Eighty-one per cent took the positive position that John Key had been a fairly to very competent leader. Key's rating on 'trust' is a little lower, but still very high with 58 per cent of the people considering him either fairly or very trustworthy. This was a higher trust rating than that of the National Party itself (36 per cent). However, the party question is different, allowing a neutral 'neither' middle point between trustworthy and not trustworthy.¹ Many respondents who

1 The question in the NZES was: 'Thinking of the National Party, do you think that it is trustworthy or not trustworthy?', with answer categories: (1) Trustworthy, (2) Neither, (3) Not trustworthy, (9) Don't know.

are neutral or withheld judgement about the National Party were disposed to trust John Key 'fairly well'. Sixty per cent liked John Key, while only 24 per cent disliked him. On performance, 74 per cent of the respondents rated the government fairly to very good, although most of these did not take the very good option, plumping for the less generous 'fairly good'. While the three Key-related leadership items (liking John Key, trusting John Key and agreeing that Key is a competent leader) correlate strongly, the one with the biggest effect on vote choice turns out to be the simple 'like/dislike' scale.

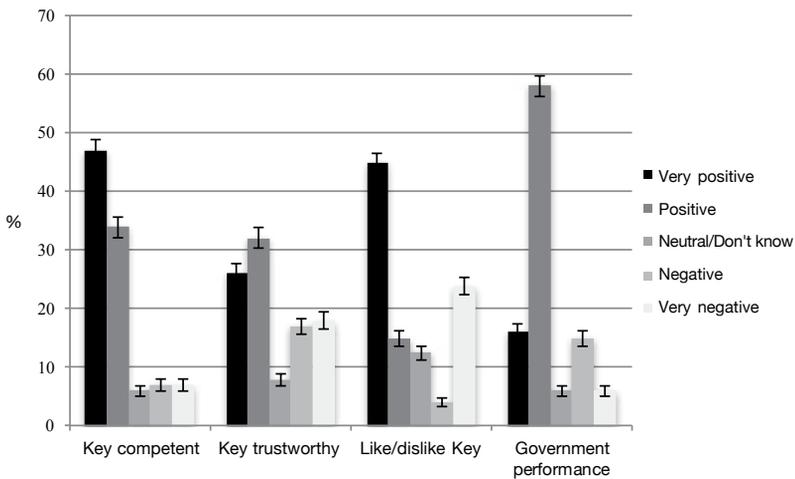


Figure 5.4: Perceptions of John Key and the National-led government

Notes: The questions were: 'How well does the following description apply to John Key: a competent leader?' (Very well (very positive), well (positive), don't know, not very well (negative), not at all well (very negative)); 'How well does the following description apply to John Key: a trustworthy leader?' (Very well, well, don't know, not very well, not at all well); 'How much did you like or dislike John Key?' (0–10 scale: very positive 8–10, positive 6–7, neutral/don't know 5, negative 3–4, very negative 0–2); 'Thinking about the performance of the government in general, how good or bad a job do you think it has done over the last three years?' (A very good job, a fairly good job, don't know, a fairly bad job, a very bad job).

Figure 5.5 shows that, after including all other variables in our model, evaluations of government performance only had a minor effect on those who voted National in 2011, if only because so few rated its performance poorly. Among non-National voters in 2011, though, government performance evaluations had a steep and significant effect. The contrast between Figure 5.5 and Figure 5.3 bears out the greater importance of overall evaluations of government performance, compared with those simply focusing on the economy.

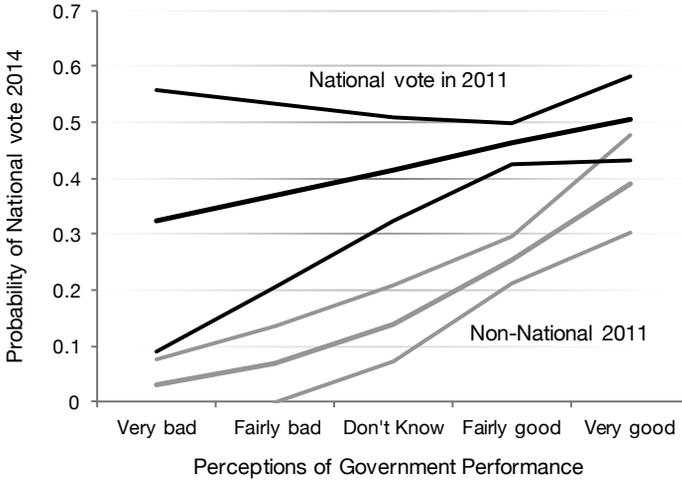


Figure 5.5: Effects of government performance evaluations, conditioned by previous vote, on the probability of voting National

Source: Appendix, Table 5.A1.

Key’s reputation, as a politician who could be trusted and the leader of a competent government, came under question from two directions: first, the so-called ‘dirty politics’ affair; and second, political competition from an unlikely source, internet entrepreneur Kim Dotcom. Politicians are often vulnerable to sudden ‘scandals’, particularly during election campaigns, as a growing literature demonstrates (for example, Hirano and Synder 2012; Kumlin and Esaiasson 2012). Given how close National came to being able to form a single-party majority government in 2014, it is possible that the marginal effects of these challenges could have made a difference.

Dirty politics

Six weeks before the 2014 election, just before the campaign began, investigative journalist Nicky Hager published his book *Dirty Politics* (Hager 2014). The book was based on emails and Facebook postings from right-wing blogger Cameron Slater that Hager had been given by an anonymous hacker. Hager alleged that there were close contacts between the prime minister and other National Party politicians and a network of bloggers whose role was to seek out and aggressively attack the government’s enemies. It was alleged that a strategy of manipulation and intimidation carried out on Key’s behalf by others lay behind his apparently benign and affable exterior.

Three allegations were particularly challenging (for more detail, see McMillan 2015). First, Hager claimed that Key's office had colluded with the Security Intelligence Service (SIS) to accelerate the response to an Official Information Act (OIA) request from National Party-aligned blogger Cameron Slater that would reveal information damaging the reputation of then Labour leader Phil Goff prior to the 2011 election. Goff had denied the SIS had given him information about some Israeli spies in New Zealand. Goff had in fact been told but as a small part of a much wider briefing. A document confirming this was released to Slater in a way inconsistent with regular procedures, and in a way that maximised the damage to Goff. The SIS had sent the information to Slater within 24 hours, well before other journalists and mainstream media were given access. Someone in Key's office had almost certainly told Slater about the existence of the document in the first place (Hager 2014: 37–41).

The second allegation was that an official in the Prime Minister's Office had hacked into the Labour Party's website, and provided private information held in Labour Party data archives to be published through Slater's blog site. Both the SIS and the hacking incidents took place in John Key's office, for which he was nominally responsible. However, Key denied any knowledge or involvement.

The third allegation had the most impact, and concerned Judith Collins, the Minister of Justice. Hager claimed that she had divulged to Slater the name of a public servant whom Slater then identified incorrectly as having leaked to the Labour Party sensitive information about deputy prime minister Bill English's expenses as an MP. Death threats to that person subsequently appeared on Slater's blog site *Whale Oil*, and were removed only after police intervention. Collins had already been subject to earlier criticism about allegedly using a ministerial trip to China to promote her husband's business interests.

Key's response to the controversy was denial and dismissal of all Hager's claims, describing him as a 'left-wing conspiracy theorist'. But many journalists and commentators took Hager's claims seriously, and the prime minister's credibility was questioned. National had remained well ahead in opinion polls throughout the campaign, but there was evidence of damage by the end of August as more people came to believe that there was some truth in Hager's claims (One News 2014). Shortly after, Key put an end to Collins tenure as a minister, releasing information independent of Hager's allegations that purported to show that Collins had encouraged attacks against the chief executive of the Serious Fraud Office

(SFO), whose investigations were uncomfortable to some members of the business community. Well after the election, an investigation exonerated Collins from the charges related to the SFO but did not address those made by Hager. Collins rejoined the Cabinet as Minister of Corrections in December 2015.

Table 5.1 lays out the public response to *Dirty Politics* when the dust had settled, after the election. Post-election, most commentators took the view that the controversy did little or no harm to National's vote at the election, with Collins' resignation taking the sting out of the controversy. As a post-election snapshot, Table 5.1 provides no means of assessing the effects directly. It does show that over a third of voters did not know what to think about the matter. By the time that interest in the topic had mostly died after the election, there were very few who were prepared to declare that there was 'no truth' in the claims made by Nicky Hager in *Dirty Politics*, even among National voters. As expected, those who voted for opposition parties were more likely to believe that there was at least some truth in the allegations. Meanwhile, very few National voters ticked 'a lot of truth'. But slightly over half acknowledged 'a little' or 'some'. But this had not prevented them from voting for the party.

Table 5.1: Extent of truth in claims made in *Dirty Politics* by party vote

% by column	Non-vote	National	Labour	Green	NZ First	All
No truth	2	13	2	0	4	6
Don't know	55	31	26	29	31	36
A little truth	10	33	7	5	10	18
Some truth	23	20	33	26	31	24
A lot of truth	9	2	31	40	25	16
N	636	981	524	220	184	2,709

Note: The question was: 'How much truth do you think there is to the claims made by Nicky Hager in his recent book entitled *Dirty Politics*?'

Taking account of a robust collection of control variables (Appendix, Table 5.A1), Figure 5.6 does suggest that *Dirty Politics* may have had a more significant effect than commentators have acknowledged. *Dirty Politics* appears to have slightly attenuated the effect of liking John Key on the probability of voting National, mainly among the quite large group who acknowledged 'some truth' in the claims made in Hager's book. For the respondents who rated John Key moderately favourably at six or seven out of 10 on the like/dislike scale, the confidence intervals between the

two probability estimates ('some truth' and 'no truth') just separate out, indicating a significant difference among these groups of voters. Those who believed that there was some truth and who scored John Key at six or seven were about 6–7 per cent less likely to vote National compared with those who claimed that there was 'no truth' in the book.

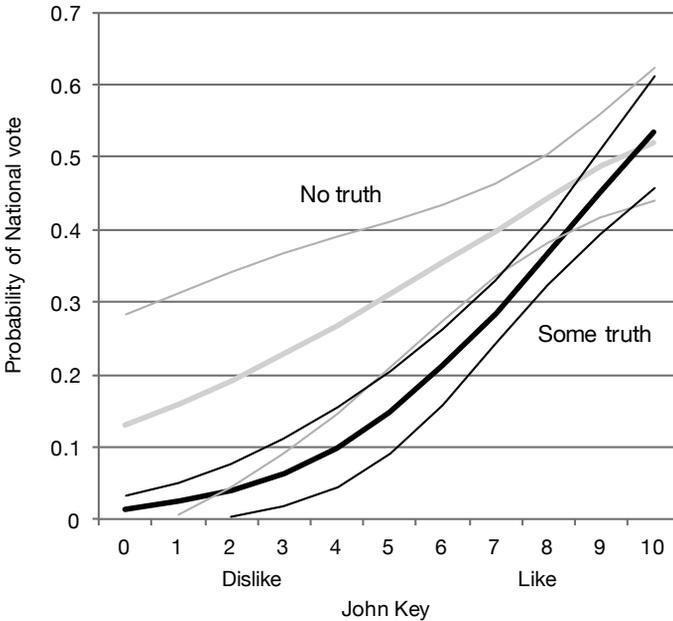


Figure 5.6: The effect of liking John Key, conditioned by assessment of truth in *Dirty Politics* on the probability of voting National

Source: Appendix, Table 5.A1.

One might also have expected *Dirty Politics* to have affected liking or disliking John Key. To test this, we again turn to the NZES panel respondents, comparing liking of John Key in 2011 with liking him in 2014. Among panelists, John Key’s popularity was not statistically significantly different in 2014 and 2011 (6.16 in 2011 and 6.24 in 2014). *Dirty Politics* did not shift the general level of liking or disliking John Key. But it had effects: in the panel, controlling for 2011 like/dislike, and 2011 National vote, *Dirty Politics* did affect 2014 assessments of Key, making believers slightly less likely to like Key and disbelievers more likely to do so. But we can still conclude that a small but significant number of those who continued to like Key more than average, but not strongly, were less disposed to vote National if they thought there was some truth in *Dirty Politics*.

The Internet Party challenge and coalition building

Internet entrepreneur Kim Dotcom had moved to New Zealand in 2010, and was granted residency as an investor despite previous minor criminal convictions. Early in 2012, United States prosecutors charged him with infringement of intellectual property rights. He was alleged to have allowed his company to breach copyright by way of its popular file sharing service. The US Department of Justice initiated extradition proceedings and, in January 2012, the police raided Dotcom's house and seized much of his property and assets. The raid was later found to be based on invalid search warrants. The involvement of the New Zealand Government Communications Security Bureau (GCSB) in surveillance of Dotcom's activities was also found to breach the GCSB's legislative boundaries that then prevented it from spying on New Zealand citizens and permanent residents. The proven allegations of illegal spying eventually triggered a review of the GCSB, and was a matter of concern among civil libertarians, the legal profession and political activists who feared they might also be targeted.

John Key's management of the affair was widely criticised, and Key issued a formal apology. Dotcom went on to allege that Key had known of the possibility that the United States would seek to extradite him when Dotcom had been granted permanent residency. Key denied this, claiming no knowledge of Dotcom prior to the raid on his property. Dotcom later revealed an email message supposedly showing evidence of Key's prior knowledge, but the email was widely believed to be a forgery.

Dotcom formed the Internet Party to contest the 2014 election. Green party co-leader Russel Norman had visited Dotcom to urge him not to create a new party that could draw votes away from the Greens and other opposition parties. Dotcom went ahead and, even worse for the Greens, recruited left-wing activist and former left-wing Alliance MP and cabinet minister Laile Harré to lead the Internet Party. Harré had been working for the Green Party developing election policies, and her abrupt departure was unexpected and damaging. As a non-citizen, Dotcom himself could not stand for election. The Internet Party then formed a controversial alliance with the left-wing MANA Party led by Hone Harawira, who had held the Te Tai Tokerau electorate seat in parliament for the MANA Party since 2011. Harawira had previously held the seat for the Māori Party, from which he had been expelled. Because of the 'coat-tailing' provision

in electoral law, if MANA had continued to hold the seat after the 2014 election, even a small party vote for the two-party alliance under the 5 per cent party vote threshold for representation could have delivered additional Internet-MANA representation in parliament.

There had initially been some public sympathy for Dotcom. His formation of a political party led many to question his motives, given his status as a non-citizen, allegedly involved in criminal activity and with his own interests to promote. The alliance with MANA was equally controversial, as it compromised the reputations of the Māori and left-wing activists who had agreed to it. To many, this was a cynical attempt to mobilise Dotcom's generous financial support to promote a left-wing movement that seemed to have forgotten its principles.

There were wider consequences. As one journalist put it, the appearance of the Internet Party could be seen to turn 'the left-wing bloc into a rabble of competing parties and interest groups' (Watkins 2014). It drew more attention to an 'extreme left' bogeyman for the National Party to exploit. The Labour Party found itself under pressure to confirm that it would exclude Internet-MANA from any government it might form, and eventually did so (Radio New Zealand 2014a). Had it been able to form a government after the election, Labour might have had to rely on MPs from Internet-MANA to secure a parliamentary majority, putting it in a difficult position that John Key did his best to exploit when talking about the dangers of a change of government (Trevett 2014).

Recent work in electoral studies in various countries with multi-party systems has found that a significant number of people vote for or against coalitions, rather than thinking purely in terms of voting for their favourite party (Bargsted and Kedar 2009; Duch, May and Armstrong 2010; Kedar 2005). In voting for or against a coalition, people may vote strategically for a party other than the one they most prefer in order to make a coalition more or less likely to be able to take office. Such a scenario has already been confirmed in the context of the 2002 New Zealand election (Bowler, Karp and Donovan 2010). Extending this logic, people could consider voting against a coalition that they feel could be unstable, even while having a preference for one of the parties that it is likely to contain.

Despite its own reliance on small parties to govern, National sought to use the possibility of a coalition consisting of Labour, the Greens, New Zealand First and Internet-MANA to instill unease during the campaign. While most New Zealanders prefer coalition to single-party majority

governments (Vowles 2011), there is scepticism about coalitions among people on the centre-right. When asked whether a government formed by one party would be better at providing stability than a government formed by more than one party, NZES respondents were divided. National voters were almost twice as likely than others to prefer a single-party government (58 per cent compared to 32 per cent). The risks of a government having to rely on small parties to govern was one of the key concerns of those opposed to the Mixed Member Proportional (MMP) electoral system introduced in New Zealand in 1996. When asked whether there are too many, about the right number or too few political parties in the New Zealand Parliament, 45 per cent of the 2014 NZES respondents answered 'too many', and 38 per cent 'about right' or 'not enough'. National voters broke more strongly for 'too many', reflecting their relative lack of enthusiasm for MMP in general.

Looking at the preferred possible coalition partners, Table 5.2 identifies two groups of voters. The column labelled 'Preferred Government Party National' are those for whom National was their first choice as a government party; the column labelled 'Preferred Government Party Labour' includes those for whom the choice was Labour. The rows list the percentages of people in each group that expressed coalition partner preferences for other parties, or for no other party to join their most preferred major government party in power.

Table 5.2: Most preferred coalition party by preferred party in government (column percentage)

Preferred Coalition Party ²	Preferred Government Party National ¹	Preferred Government Party Labour ¹
No other party	36	10
Green	17	58
NZF	15	32
ACT	12	1
United Future	15	2
Māori	19	16
Conservative	10	2
Internet-MANA	0	7
N	1,378	604

Notes: 1. The question was: 'on election day 2014, of all the parties, which one did you most want to be in government?' (This was followed by a list of all the significant parties); 2. The question was: 'on election day 2014, in addition to your first choice of party, were there other parties you wanted to be in government?' (Also followed by a list of parties). Since respondents could specify more than one preferred coalition party, the columns do not add up to 100.

Of those wishing National to form a government, 36 per cent wanted National to govern completely alone. The majority of the people wanting National to lead the government expressed preferences for a variety of parties, with the Māori Party being the most preferred coalition partner. There was also support for the Green Party, New Zealand First and United Future, widely understood as opposition parties, as coalition partners. These three parties were also slightly more popular as coalition partners than National's closest partner, the ACT Party. Among those preferring a Labour-led government, preferences focused more clearly on the two most likely partners, New Zealand First and the Green Party, but the clear majority (58 per cent) in the Labour camp preferred the Greens. Only 10 per cent of those preferring Labour to lead the government wanted the party to govern on its own.

Figures 5.7 and 5.8 give slightly different estimates of overall popularities of the parties based on people's ratings of the parties. Figure 5.7 shows the percentage of respondents who most strongly disliked the various parties. The Internet Party was the most disliked party at 58 per cent, followed by MANA at 38 per cent. Then follow the Conservatives, and then the three smaller parties supporting National both before and after the 2014 election: ACT, United Future and the Māori Party. Figure 5.8 looks at the same information in a slightly different way: it presents the average scores on the 10-point dislike/like scale. The party order is more or less the same as in Figure 5.7, though National stands out with an average score of six. Labour and the Green Party rate somewhat higher than one might expect given their vote shares, at 4.8 and 4.6 respectively. This suggests that the result of the election was more an endorsement of National than a rejection of the two parties forming the most likely alternative.

The unpopularity of the Internet and MANA parties provides some provisional confirmation of the hypothesis that these parties' possible support for a non-National coalition might have pushed some people toward National in search of a stable government without needing to rely on those parties.

5. THE WINNER! THE NATIONAL PARTY, PERFORMANCE AND COALITION POLITICS

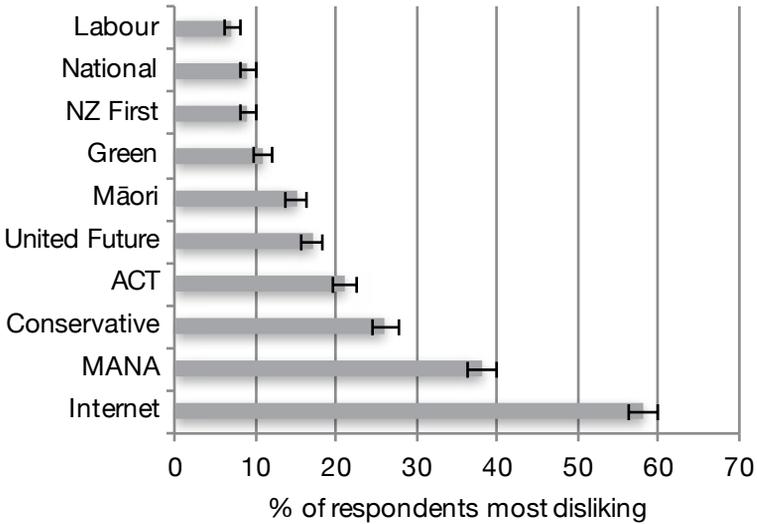


Figure 5.7: Most unpopular party (percentage disliking)

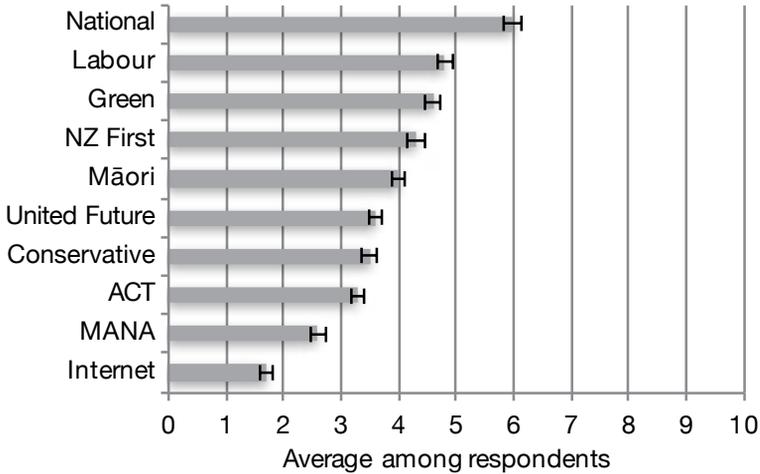


Figure 5.8: Mean score party popularities

Note: The question was: 'Please rate each party on a scale from 0 to 10, where 0 means you strongly dislike that party and 10 means you strongly like that party.' Figure 5.7 shows the percentage ticking 0, the most strongly disliked. Figure 5.8 shows the average rating respondents gave the various parties.

To explore this possibility, we use the model developed in this chapter to address the probability of voting National, and add liking or disliking the Internet Party. When doing so, we also need to test the possibility that there are other ‘push’ factors perhaps associated with the dislike of Labour’s other two potential partners: the Green Party and New Zealand First. As a further control, we added respondent’s self-placements on the left–right scale to reduce the chance that our findings would simply pick up right-wing bias toward the left. Appendix Table 5.A2 reports the full findings and Figure 5.9 displays the relationship between liking or disliking the Internet Party and the probability of voting National. Dislike of the Internet Party did have a minor significant effect on the National vote, but it is very small and well within confidence intervals, as Figure 5.9 shows.² The effects for disliking the Greens and New Zealand First (see Appendix, Table 5.A2) were not significant.

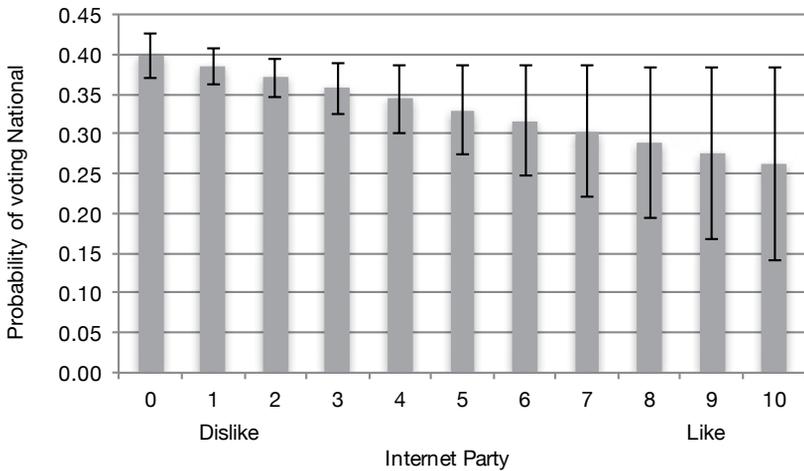


Figure 5.9: The effect of (dis)liking the Internet Party on the probability of voting National

Source: Appendix, Table 5.A2.

² A similar approach was used to investigate whether dislike of National’s coalition or support parties might have harmed the National vote. Liking of United Future and ACT were positively associated with the National vote, and Māori Party negatively, but none came close to statistical significance.

Conclusion

As the 2014 election approached, the National Party and its leader John Key rode a wave of popularity, underpinned by a growing economy and public perceptions of a political leadership closely in touch with public opinion. Among some journalists, professionals and political commentators there had been considerable criticism of the government, much of which had been given a new impetus by *Dirty Politics*. The criticism was not just about increased public concern about inequality, to which the government seemed unwilling to respond. Mismanagement of the security services and concerns about privacy and civil liberties had provided some impetus behind the Internet Party, but failed to gain traction. Abuse of the OIA (Fisher 2014), concerns about the awarding of government contracts, accusations of pandering to ‘vested interests’ (James 2014) and neglect of environmental protection and climate change issues (Chapman 2015) also added up to a strong critique of the government’s performance. But these were not the issues that concerned the majority of New Zealanders.

By reducing the potency of John Key’s personal popularity, *Dirty Politics* may have affected enough voters to rob National of a single-party majority. The margin was indeed so close that it would not have taken very many more party votes for National to have been able to form a single-party majority. On the other hand, during the campaign *Dirty Politics* took up precious time in news programs and in the wider media that might have been used for further debate about inequality. Attention to the activities of Kim Dotcom and the Internet Party was another distraction from policy debate.

National also had an advantage in the politics of coalition-building. While attempts to gain votes by raising concerns about Labour’s potential coalition partners only gained marginal traction, National was always in the better position to form a coalition, and in a position to dominate any such coalition. As we shall discuss in the next chapter, Labour had made little or no effort to establish a relationship with its potential coalition parties, despite there being strong support for the Green Party as a partner among those who wanted a Labour-led government.

Post-election, confident in its success, in conditions of a growing economy, and in the sustainability of tax revenues being generated, the National-led government boldly advanced into Labour’s territory by announcing in its 2015 Budget a ‘material hardship package’. The increases to benefits and

to Working for Families tax credits were relatively small, and would not take effect until the following year. Disagreement remains about whether this shift is more accurately interpreted as a token gesture, or as a real effort to respond to the concern about inequality that had intensified during the election campaign. In his victory speech, John Key had signalled there would be such a response. There had been no increase in the real value of benefits since the 1970s. As we shall see in the next chapter, public opposition to benefit increases has constrained Labour from such a clear commitment, making it difficult for the party to develop its own plans to reduce inequality, and thus allowing National to step into the breach.

This text is taken from *A Bark But No Bite: Inequality and the 2014 New Zealand General Election*, by Jack Vowles, Hilde Coffé and Jennifer Curtin, published 2017 by ANU Press, The Australian National University, Canberra, Australia.