

6

Still in Labour

Inequality as a principle and in practice formed the second most salient cluster of issues in the 2014 election, and the most salient ‘positional’ issues. In this chapter, we ask why Labour failed to benefit from New Zealanders’ concerns about inequality, an issue left-wing parties have traditionally ‘owned’. We examine people’s opinions about priorities for government expenditure to address inequality and their attitudes around redistributive social policy, and we investigate how both relate to voting choice. We also assess claims made by internal and external critics of Labour: that the party promised too much, and that these promises failed to cohere into a convincing narrative. Some have also argued that Labour has been captured by ‘identity politics’ and has consequently failed to engage effectively with its traditional supporters (for example, Pagani 2013, 2016). We address this claim by examining the social foundations of attitudes about the place of Māori in New Zealand politics and the Treaty of Waitangi, the politics of female representation, and how these attitudes affect the Labour vote.

Furthermore, we examine how and why Labour’s leadership mattered. After the 2011 election, Phil Goff, leader since 2008, stepped down. His replacement, David Shearer, was elected by a caucus vote in December 2011, having served as an MP for only two years. Under pressure over his performance as leader, Shearer resigned in August 2013. In September 2013, David Cunliffe became Labour leader under new party rules that allowed union affiliates and party members to vote—a change mandated at Labour’s 2012 party conference. Cunliffe had been a successful cabinet minister in the Clark Government. He won despite lacking a majority

among his parliamentary colleagues. Cunliffe's accession to the leadership was sometimes described as marking a shift to the left (Harman 2016; Trotter 2014), but at that late stage such a shift, real or imagined, could make little difference to the party's policies for the 2014 election.

Labour's program for change

An opposition party is usually expected to run on a program of policy change, and is most likely to be successful when presenting its alternatives with clarity and coherence. Labour's Policy Platform was long, complex and lacked a concise summary. Buried within it were modest policies to address inequality, including a capital gains tax that excluded the home. It proposed an increase in the maximum marginal rate of personal income tax to 36c from the current 33c in the dollar, although above a relatively high income threshold of \$150,000 (approximately the top 2 per cent of income earners). Labour promised to build 10,000 houses at accessible prices for first home buyers, and to expand state housing for low-income families. To combat child poverty, Working for Families income tax credits would be extended to beneficiary families. An Inequality Summit would be convened to identify further policy priorities.

Labour's electoral difficulties in 2014 were not simply a short-term problem. Labour's traditional core voting base in the manual working class has shrunk over the last half century. Higher levels of unemployment have emerged compared with the 1950s and 1960s when there was almost no one wanting it who could not find paid work in New Zealand. But none of this necessarily spells electoral doom for centre-left parties. Between 1999 and 2008, the Labour-led government under prime minister Helen Clark governed effectively and developed economic, trade and social policies that addressed some of these challenges. Clark's government helped to heal many of the wounds suffered by the party in the aftermath of its promotion of market liberalisation in the 1980s, and public perceptions of the party recognised that it had shifted back to a position more to the left. But during the period of Clark's government, the international economic situation was relatively benign. The New Zealand economy grew, unemployment declined and the government could run budget surpluses and pay down its debt. That changed in 2007 and 2008. With economic hard times, tax revenues go down and needs for social expenditure go up.

Welfare and social policies

New Zealand's welfare state was initiated in stages from the early twentieth century through the late 1930s. Provision and policies expanded well into the 1970s. It is probably no coincidence that the 1970s and early 1980s were the period in which social and economic inequality in New Zealand hit an all-time low (see Chapter 2). But pressure was beginning to build on the welfare state, internationally and in Australia and New Zealand (Castles, Gerritsen and Vowles 1996; Curtin, Castles and Vowles 2006). While it is fashionable to interpret changes to the welfare state from the 1980s onward as simply an ideological expression of neo-liberalism, the reality is more complex. Most of the principles and values associated with the welfare state in New Zealand were established in the 1950s and 1960s, before it had developed fully. In those days, there was little or no poverty, the number of people unemployed and on benefits was small, and government funding of pensions was modest. Costs and burdens have increased since the 1970s and 1980s, and at the same time pressure increased on the New Zealand economy to be more competitive, government policies moved toward the market and unemployment increased. When those on benefits were few, there was less public concern about beneficiaries. As the numbers expanded, a growing core of people receiving benefit support were not moving out of dependency, and in some cases the problem was being passed on to their children (Welfare Working Group 2011). Communities containing large numbers of beneficiaries and others prone to be on low incomes and in insecure employment began to consolidate (Ministry of Social Development 2008: 29), in tandem with other social problems such as crime, domestic violence and family breakdown (Ministry of Justice 2014: 67).

Those on benefits have become a focus of political debate. Fundamentally, most people in the Labour and National parties probably agree that simply catering to the needs of beneficiaries is not the answer to poverty and inequality, and that people should get their incomes from paid work to the greatest extent possible. The very name of the Labour Party indicates its intention to represent working people, to ensure that they receive the payment they are entitled to for their labour. Policies to assist those out of work were not central to the welfare model developed by the Labour Party in the 1930s, based on what Frank Castles (1985) has called 'a wage earners' welfare state'. At a time when there was a wide consensus of support for the principles of the welfare state, the *Social Security Act 1964* had a clear focus on employment as the best means of ensuring economic and social wellbeing.

There has been a change of mindset. In the twenty-first century, many people think the Labour Party cares more about people not in work than about those who are in work. Labour is caught in a conundrum: its egalitarian principles demand that it address the problems of the poor, and the worst cases of poverty tend to be among beneficiaries. Nonetheless, when Labour established Working for Families it excluded beneficiaries, and directly addressed the problems of low- to middle-income working families. In 2014, Labour promised to extend the program beyond those in work, a proposal that could have significantly reduced poverty.

Arguments about social policy between the Labour and National parties are rooted in differences of principle. Labour tends to retain residual socialist assumptions that people's circumstances are socially constructed. Many people are born into less than ideal situations from which it is hard to escape. Others may simply be unlucky, losing their incomes or health through no fault of their own. With less consideration to the social context, National tends to take a conservative position based on liberal principles: that people are individuals who should be responsible for themselves and their families. That responsibility may need to be enforced by incentives and sometimes coercion to get people into work—a focus of National's social policy reforms since 2008 (Davison 2012).

With the expansion of the number of people on benefits, public opinion about unemployment and welfare has shifted toward the conservative view (Humpage 2014), even among many people voting Labour. It is notable that Labour's 64-page policy platform, approved in 2013, uses the phrase 'welfare state' only twice and that its welfare policies are presented under the label 'social development' (Labour Party 2013). 'Welfare' has become a word many seek to avoid, because it is too closely connected to the claim from the conservative right that many people receiving 'welfare benefits' do not deserve them. Another good illustration of this dilemma and the divisions it can generate within the Labour Party came to the surface in August 2012. A resident of his electorate had asked Labour leader David Shearer whether Labour approved of a neighbour on a sickness benefit being fit enough to have been seen painting the roof of his house. Shearer had responded with a definite 'no', and told this story to a public meeting. Criticism from the right followed, that Shearer had failed to explain how Labour would solve the alleged problem. From the left it was asserted that Shearer was following a tried and true rhetorical strategy of 'beneficiary-bashing' that the left should not emulate (Dominion Post 2012).

The 2014 New Zealand Election Study (NZES) asked questions about preferences for more or less government expenditure in key policy domains. Figure 6.1 displays the percentages of those who said ‘less’ or ‘much less’ across them. Unemployment and welfare benefits head the list for those wanting less. Only 12 per cent wanted ‘more’ or ‘much more’ to be spent on unemployment benefits, and 16 per cent wanted ‘more’ or ‘much more’ to be spent on welfare benefits.

We expect responses to these questions to cluster around different expenditure types. For example, those supporting government expenditure on welfare should also support government expenditure on unemployment. A factor analysis reported in the Appendix confirms this (Table 6.A1), and we refer to this dimension as *targeted* benefits since they are targeted to those without a job and those in need of welfare support. These targeted benefits have the strongest effects on income redistribution, thus promoting equality. The next dimension confirmed by the factor analysis are those benefits that are *universal*: health, education and New Zealand Superannuation. Almost everyone benefits from government expenditure on these services; they are therefore less redistributive, and support for the government to spend money on these services remains high, with little change over time.

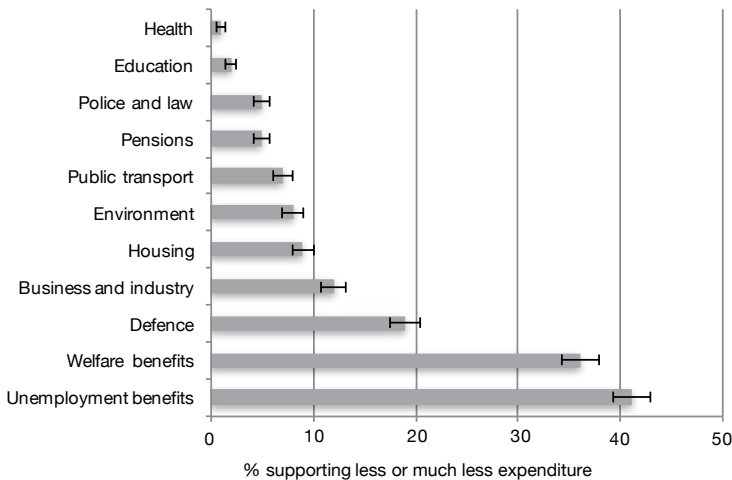


Figure 6.1: Less or much less government expenditure wanted on various items of public policy

Note: The question was: ‘Should there be more or less public expenditure in the following areas. Remember if you say ‘more’ or ‘much more’ it could require a tax increase, and if you say ‘less’ or ‘much less’ it could require a reduction in those services.’ The response options were: much more, more, same as now, less, much less, and don’t know.

Source: New Zealand Election Study 2014.

We anticipate that these two underlying dimensions of expenditure preferences are related to party support. We focus on the two welfare dimensions of targeted and universal benefits. For ease of interpretation, we created additive scales combining the policy areas as shown in the factor analysis. Figure 6.2 shows, as expected, that National voters are significantly more likely to want less expenditure on welfare and unemployment benefits, with Labour, Green and New Zealand First voters taking more tolerant positions. Indicating support for expenditure on universal benefits, Figure 6.3 reveals that there is overall more consensus and support for universal benefits compared with the targeted benefits shown in Figure 6.2.

The Appendix tables for this chapter display the results of regressions of social, demographic and ideological variables on these two social expenditure preference variables (Table 6.A2). To summarise briefly, preferences for expenditure on universal services are spread widely among social groups, ‘explaining’ only just under 8 per cent of the variance in the preferences. Women, those on low incomes, those on the left, people in union households, those with Labour rather than National parents and those feeling insecure about their job situation or income are somewhat more likely than others to prefer higher rather than lower expenditures on universal benefits.

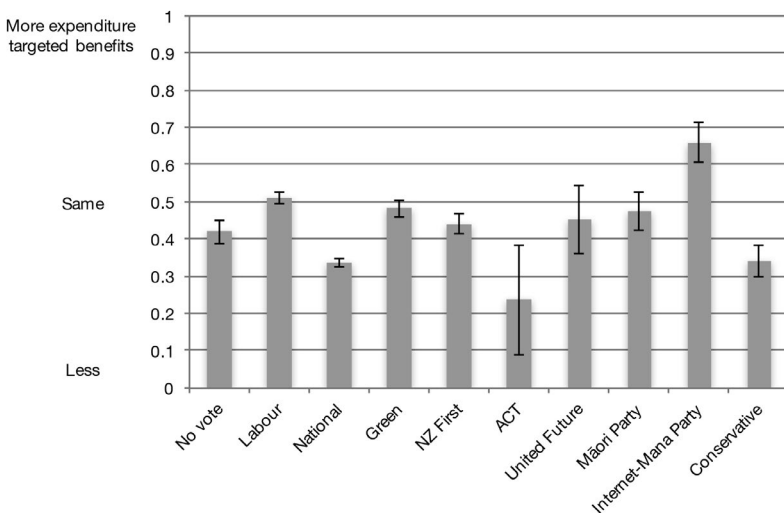


Figure 6.2: Average scores on expenditure dimensions by party vote 2014: Targeted benefits

Source: New Zealand Election Study 2014.

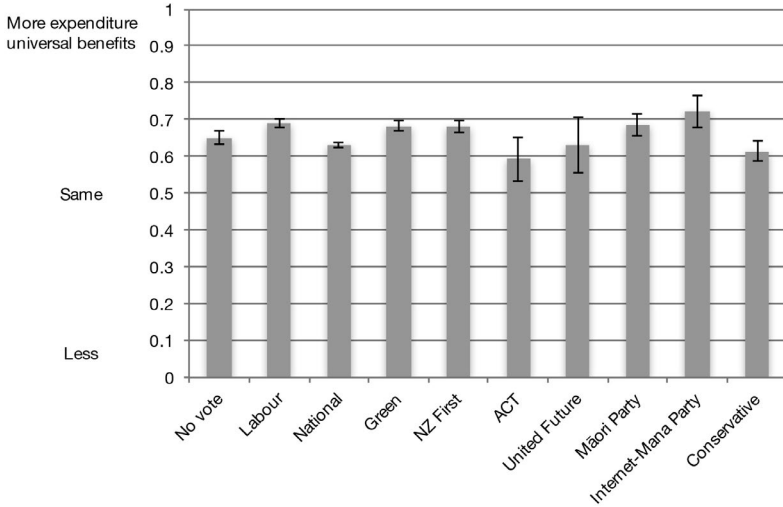


Figure 6.3: Average scores on expenditure dimensions by party vote 2014: Universal benefits

Source: New Zealand Election Study 2014.

As one would expect, compared with preferences for universal benefits, preferences for expenditures on targeted benefits tend to be more structured around social group memberships and perceptions, ‘explaining’ nearly 24 per cent of variance. Those favouring higher targeted expenditures are the old, and Māori and Pasifika, but Asians are less likely to support this form of redistribution than the residual category of European and others. Compared to people with a non-university post-school qualification, people with only school qualifications and those with a university degree are more likely to favour targeted benefit expenditure. Those attending church frequently and those with few assets and/or on a benefit are also more likely to support more governmental expenditure on targeted benefits. Parents voting Labour, a left-wing position, and perceptions of job and income insecurity also all positively affect the likelihood of supporting targeted benefit expenditure. These are relatively stable patterns in New Zealand politics, predictably associated with partisan and left–right attitudes. We move on to specific policies that we expect to be more potentially important for short-term vote choices.

Raising the pension age

One of the elements of the universal benefits dimension is state pension provision, provided through New Zealand Superannuation. It pays the same pension to all who qualify by residence from the age of 65 and is funded by ongoing taxation. In terms of international comparison, New Zealand Superannuation is relatively generous, in most cases providing an acceptable standard of living for those solely dependent on it who own their own homes and have paid off their mortgage. For those in rental accommodation and with no other income, further income support is usually available. New Zealand Superannuation is not employment or contribution dependent. There is no discrimination against women or those who have had low incomes throughout their working lives.

As the New Zealand population ages and people live longer, funding New Zealand Superannuation is becoming more expensive. It is not means-tested, and those remaining in work after the age of 65 still receive it, even if they are on high incomes. Research on the affordability of the scheme has led to recommendations that the age of entitlement be increased. At the 2011 and 2014 elections, Labour promised to do so, with phased implementation, raising eligibility to 67 by the year 2030. The National Party opposed any change, with John Key making it clear that New Zealand Superannuation would remain untouched while he was prime minister.

In 2014, opinion on the issue had hardly shifted from 2011. A small plurality remained in favour of raising the age of eligibility (43 per cent in favour, 38 per cent against). Despite the reform being Labour policy, it had more support among National voters (49 per cent among National voters, 42 per cent among Labour). The results of further investigation of some of the socio-demographic correlations between socio-demographic variables and responses to this question can be found in Figure 6.4 and in Appendix, Table 6.A3. All baseline social structure variables were initially tested; we discuss only those for which there were significant findings.

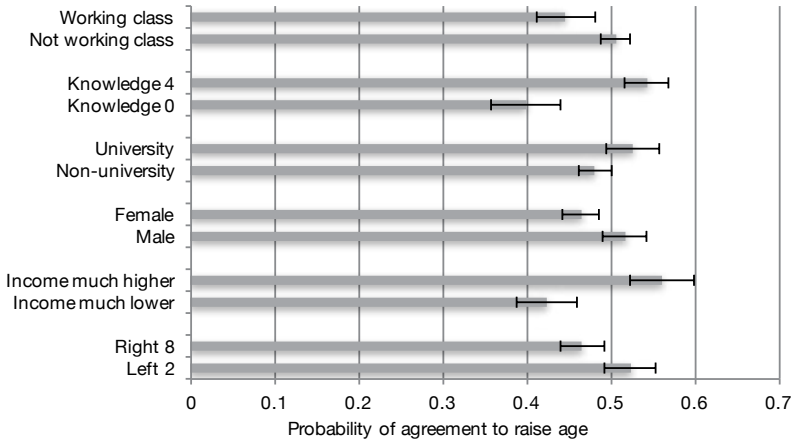


Figure 6.4: Raising the age of eligibility for New Zealand superannuation and socio-demographic variables

Source: Appendix, Table 6.A3.

Figure 6.4 shows how left–right position, gender, university education, political knowledge, subjective working class identification and relative income are related to opinion concerning eligibility for New Zealand Superannuation. Despite the partisan differences noted above, those on the left are slightly more likely to favour the change when other variables are taken into account. We compare a person in the middle of the left range (scored at 2) with a person in the middle of the right (8). We interpret this as a cueing effect.¹ People on higher incomes are more likely to be in favour of change than those on low incomes, by quite a large margin. Women are somewhat more likely to be opposed to change. Most of these differences are to be expected as the debate about the matter has focused on the disadvantages for women and those on lower incomes.

1 This is a good example of a ‘suppressor effect’. When simply correlating left–right positions and opinion on this question, there is no significant relationship. Because left-tending groups such as the young, Māori, women and those on low incomes have a tendency to be opposed to raising the age of eligibility, when we include these in the model, left–right position is found to have small effects in dragging some left-leaners toward supporting raising age-eligibility despite the interests associated with their social locations. This is not entirely unexpected; it is a reasonable left-wing position to want to target resources away from those who do not need them to those who do, particularly when there are pressures on social expenditure, and universal pension provision is among the most expensive of benefit programs.

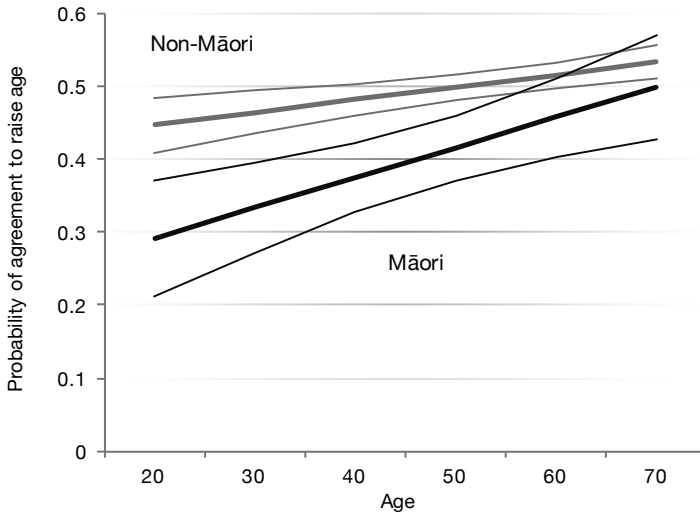


Figure 6.5: Age and Māori/non-Māori and raising the age of eligibility for New Zealand Superannuation

Source: Appendix, Table 6.A3.

Raising the age of eligibility for superannuation would have no effect on those aged 60 or above, and would have been phased in for the group currently in their late 40s. Everyone younger than 48 or thereabouts would qualify for superannuation at 67. We therefore expect an age-related effect on opinion on this question. Figure 6.5 confirms this, with unaffected older people being more likely to agree with an increase of the age of eligibility. This age effect is particularly strong among those identifying as Māori; stronger still if working class self-identification is left out of an alternative version of the model. Māori have tended to work in more physically demanding occupations, retire earlier and die younger than other New Zealanders. They are a group likely to lose as a result of raising the eligibility age. The age gradient for non-Māori is steep enough for statistical significance, but is not nearly so apparent.

While overall opinion is divided, social groups more likely to favour Labour are opposed to change in pension eligibility, notably those with lower relative incomes and Māori. National voters are more in support. The idea of raising the pension age is often welcomed as being fiscally responsible, and is in accord with the judgements of economists. Spending less on pensions for those still earning or with substantial incomes from other sources would promote greater equality if the funds saved were used on a more targeted basis. But if Labour could have won votes on this issue,

it equally ran the risk of losing some among its traditional supporters. As we shall see later, it probably lost more than it gained. Labour leader since November 2014, Andrew Little, put himself personally on record as opposing any change to the age of eligibility. Labour has abandoned the policy for the 2017 election. After the retirement of John Key as prime minister and National Party leader in 2016, his successor Bill English announced that National would seek to change the age of eligibility if re-elected in 2017.

Capital gains tax

Another Labour Party policy in 2011 and 2014 that received support from Treasury and many economists was a capital gains tax, currently absent from New Zealand's repertoire of tax instruments. The Labour Party proposed the introduction of a flat rate of 15 per cent to apply to capital gains, exempting the family home (most other countries likewise exempt family homes). A capital gains tax would promote greater equality, although how much is a matter of debate. It is a policy in accord with traditional Labour principles.

Politically, the introduction of a capital gains tax presents risks. Labour's core voters should support it, but not necessarily the middle and upper-middle income median voters Labour wants to attract to increase its vote. The rising Auckland housing market over the two to three years prior to the 2014 election contributed to the feel-good tide that helped to float the National-led government back into office. Many New Zealanders have acquired rental property, most borrowing to do so, and significant capital gains have been made. A capital gains tax systematically applied to rental properties is unlikely to be popular among voters who are 'aspiring' to improve their standard of living by accumulating such assets.

'Aspiration' is not a new idea for Labour parties. As already noted, Labour's traditional role is as a party that represents the interests of workers, to ensure that they receive the incomes they deserve, and to create the opportunities for them to develop their capacities to the fullest potential. While New Zealand Labour's traditional role has been to advance aspirations through collective action and collective provision, its current language is individualistic, about 'doing well' and, as an option, 'starting your own business' (Labour Party 2015), adopting the same liberal and business-orientated language as that of the political right. This might

appeal to some potential voters. But it is inconsistent with tradition and potentially in conflict with other Labour policies, giving credence to a criticism of policy incoherence.

In 2014, public opinion was almost equally divided on the merits or demerits of a capital gains tax: just over a third were in favour, another third against. When the question was asked in 2011, the distribution of responses was similar, with a slightly greater plurality against, but the 2011 question did not specify excluding the family home. Only 15 per cent of Labour voters and about the same proportion of Green voters opposed a capital gains tax, compared to 56 per cent of National voters, a predictable partisan split.

We investigated other variables expected to underpin attitudes to a capital gains tax. All variables in the baseline social structure model were tested against the question of support for a capital gains tax. The reported results in Appendix Table 6.A4 and displayed in Figure 6.6 are the ones that attained statistical significance. The strongest effect was people’s left–right positions, capturing partisan as well as ideological differences. As expected, those who aspire to a better standard of living in the next 10 years are less likely to be in favour of a capital gains tax than those who do not. People in union households are about 5 per cent more likely to be in favour of a capital gains tax than those with no union member in the household. Parental partisanship also had significant effects, again indicating that this dimension of opinion taps into traditional differences between the Labour and National Parties.

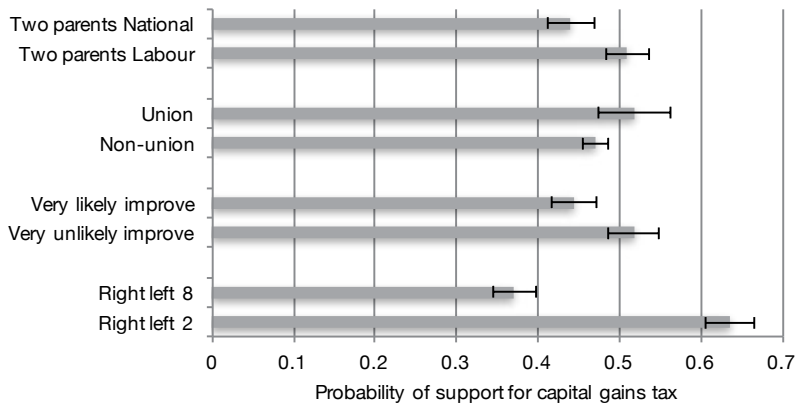


Figure 6.6: Social structure, ideology and opinions on a capital gains tax
 Source: Appendix, Table 6.A4.

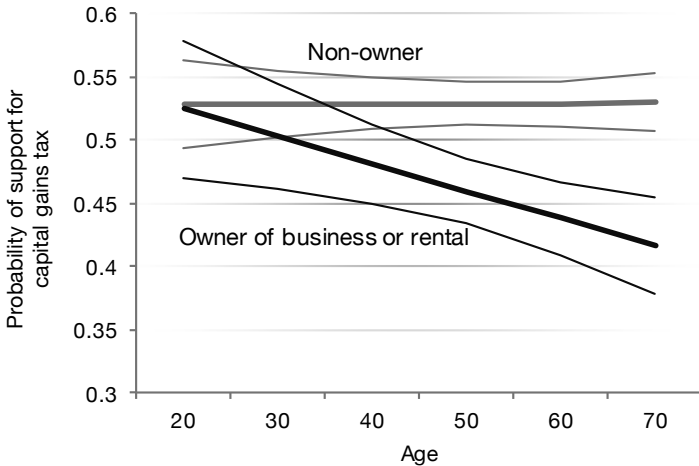


Figure 6.7: The effects of age on support for capital gains tax, conditional on ownership of a business or rental property

Source: Appendix, Table 6.A4.

The most striking finding is the result of interacting age with owning or not owning a business or a rental property (see Figure 6.7). In this model, this item replaces the assets index. For non-owners, age has no effect. Non-owners tend to be in favour of a capital gains tax. Among owners, the likelihood of supporting a capital gains tax decreases substantially with age. This is almost certainly the result of the accumulation of assets as people age. Owners of businesses or investors in rental property may be more accepting of a capital gains tax during the struggling or aspirational period in their lives, and only become stronger opponents when their assets accumulate later in life. Across all age groups, the ‘owners’ are about 30 per cent of the sample, of which 75 per cent are over the age of 35.

‘Identity politics’

For some time, internal and external critics have been accusing the Labour Party of an excessive emphasis on ‘identity politics’ (Phillips 2014). The critics have asserted that Labour was placing too much emphasis on supporting the causes of minority, under-represented or less recognised groups (Edwards 2013a, 2016a). Of course, Labour’s principles dispose it to take this stance. As a party of equality, collective action and fairness, Labour has sought and gained the support of ethnic minorities, who as a group tend to be socially disadvantaged. For example, as Pasifika peoples

began to migrate to New Zealand in the 1960s and 1970s, Labour organised to mobilise their support, working with their community leaders and churches and forming a Pacific Island Council within the Labour Party (Franks and McAloon 2016: 193), with a significant electoral payoff (Iusitini and Crothers 2013). Labour has not formed such strong bonds with recent Asian immigrants, who tend to gravitate toward parties in government (Park 2006).

As discussed in more detail in Chapter 10, Labour has a long history of receiving substantial electoral support from Māori, but Māori loyalty to Labour has been severely tested in recent decades. Māori suffered more than most from the market liberalisation of the 1980s under Labour. Labour's Foreshore and Seabed Legislation in 2004 deprived *iwi* of the right to claim for maritime indigenous property rights. By 2014, Labour had reverted to its normal strong support for Māori rights and for the Treaty of Waitangi. Indeed, in July 2014, Labour leader David Cunliffe stated his personal view that Labour should apologise for passing the Foreshore and Seabed Act. By 2016, the party had not yet made any official statement to that effect (Radio New Zealand 2014b).² Treaty of Waitangi issues remain contested in New Zealand politics. New Zealand First actively campaigns against the Treaty being part of the law. Labour is vulnerable to some of its socially conservative voters finding New Zealand First's anti-Treaty rhetoric attractive. Indeed, as Chapter 1 shows, Labour's vote share has fallen back since 2008, while New Zealand First has gained ground.

Asked to agree or disagree with the statement 'reference to the Treaty of Waitangi should be removed from the law', 42 per cent agreed and 32 per cent were against. Figure 6.8 shows that when broken down by 2014 party vote, National and New Zealand First voters were equally likely to agree with the proposition, at 55 per cent. Of Labour voters, 29 per cent agreed, as did 22 per cent of Green voters.³

2 A proposal that the party apologise was removed from the party's conference agenda for its 2015 party conference (Stuff 2015).

3 On the other hand, retention (or expansion) of the number of Māori electorate seats has near majority support, at 48 per cent, compared with abolition at 39 per cent.

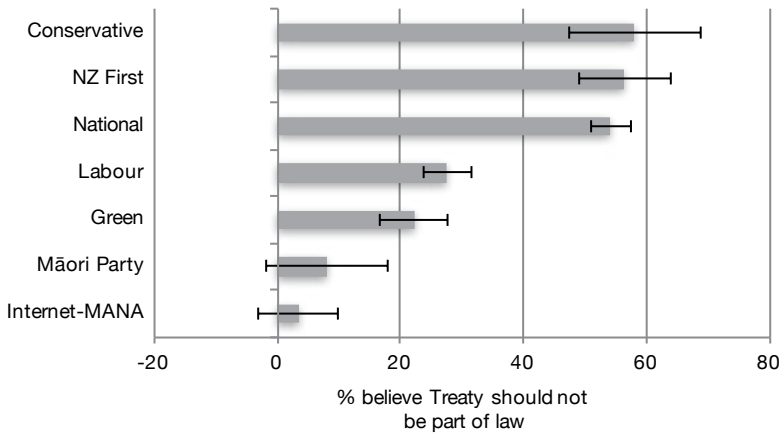


Figure 6.8: The Treaty should not be part of the law by party vote

Source: New Zealand Election Study 2014.

We might also expect Māori and non-Māori to differ on this issue and to see age effects. Acknowledgement of the Treaty of Waitangi and the promotion of Māori language and culture have increased in the education system in recent decades; younger non-Māori might be more likely to support the Treaty. On the basis of a simple regression interacting Māori/non-Māori and age, and reversing the question response categories, Figure 6.9 shows that Māori across all age groups are strongly in favour of the Treaty remaining recognised in the law, but older Māori are 9 per cent less likely to express that position—a difference well within confidence intervals. There is a steeper age slope for non-Māori. From 18 to 30, non-Māori New Zealanders are evenly split, but by the age of 70 the probability of support for the Treaty is down by about 14 per cent and the difference is well outside confidence intervals. Adding socio-demographic variables and ideology to the analysis explains about 20 per cent of the variance in attitudes to the Treaty. Figure 6.10 shows the effects of some of the main socio-economic variables on attitudes towards the Treaty.

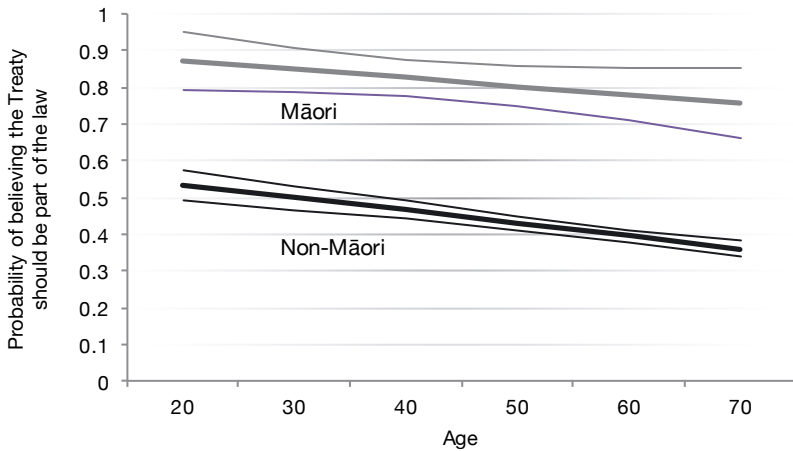


Figure 6.9: Support among Māori and non-Māori that the Treaty should be part of the law

Note: Post-estimation from an OLS regression on the question on Māori primary ethnicity versus all others, interacted with age.

Source: New Zealand Election Study 2014.

Figure 6.10 reveals that women are more in favour of keeping the Treaty as part of the law than men. Left and right positions also matter. Those who are income-rich are more in favour of the Treaty than the poor, but the asset-rich are less in favour than the asset-poor. Pasifika people are much more positive about the Treaty than Europeans, although not as much as Māori. Asian respondents cannot be distinguished from Europeans in their attitudes towards the Treaty. Both education and political knowledge increase support for the Treaty, giving some hope for those who feel that teaching New Zealand’s colonial history in schools could have the effect of shifting attitudes eventually.

Feminism has also been a salient and long-standing theme of identity politics within the Labour Party. Labour MPs and politicians have been prominent in promotion of gay and lesbian rights. When the Labour Party debated the use of gender quotas in its candidate selection processes, right-wing journalists accused it of orchestrating a ‘man ban’ (Curtin 2013a; Edwards 2013b). Others within the party accused the party of paying too much attention to such issues, and ignoring other concerns that the wider public cared about more. Such criticisms construct perceptions of policy confusion and incoherence, and are explored in greater depth in Chapter 9. We assess the effect on Labour vote choice of both Māori and gender issues in the final section of this chapter.

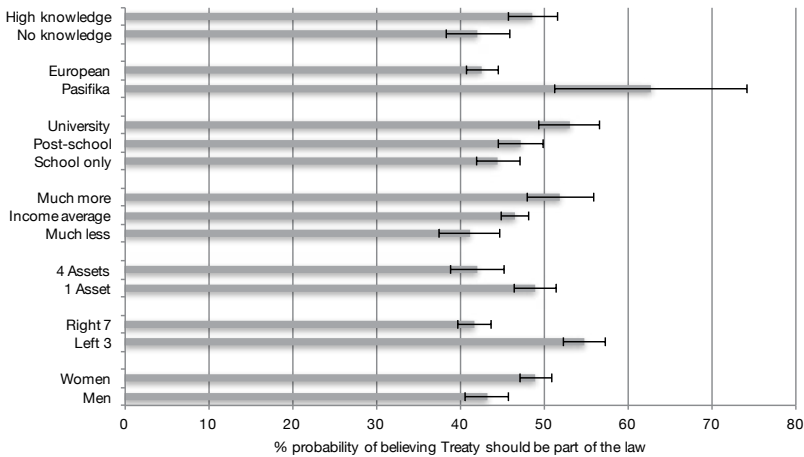


Figure 6.10: Probabilities of believing that the Treaty should be part of the law

Source: Appendix, Table 6.A5.

The leadership

Labour's biggest challenge in 2014 was leadership. Opposition leadership is a hard task, even more so when political news coverage is truncated and personality-focused, and when opposition politicians struggle for attention (Boyd and Badador 2015). In their search for stories, journalists look for drama. Hints of party disunity are blown up to their maximum. Polling news is badly interpreted, and small changes in leader evaluations or party support are made into headlines, despite being well within margins of error. Labour's leadership instability generated and was intensified by this kind of media coverage.

The shift to David Cunliffe as party leader in late 2013 was coupled with a new means of leader selection that widened the party's selectorate to members and Labour's union affiliates. Cunliffe's reliance on the union vote lowered perceptions of his legitimacy, particularly given his low support among Labour MPs. In the year of Cunliffe's leadership, it became clearer to the public why so many Labour MPs had opposed his election. Cunliffe often gave an impression of arrogance (Fox and Watkins 2014). Despite his obvious intellectual abilities, Cunliffe has been described as having a 'low emotional quotient'. Many of his colleagues came to see him as 'divisive, ambitious, self-absorbed and self-confident to a messianic level: all the time not picking up on how that was playing with those who

had to work with him most closely' (Small 2016). He was prone to making poorly judged dramatic gestures, such as an apology for being a man at a conference about violence against women (see Chapter 9). Appreciated by the immediate audience, it was not well received generally, particularly when taken out of context by his opponents, as it was bound to be (Radio Live 2014). Meanwhile, National Party aligned bloggers and journalists pounced on Cunliffe's equivocations, framing him as untrustworthy (Armstrong 2014b). However, his biggest mistake was strategic. Cunliffe abandoned efforts to develop a cooperative relationship with the Green Party (Sunday Star-Times 2014). In the meantime, Labour continued to poll badly, and a polling upturn for New Zealand First further complicated the possible politics of an alternative coalition.

Table 6.1 confirms that voters did not see Cunliffe as a plausible leader, particularly when compared with Key. Only 3 per cent of the NZES respondents saw Cunliffe as competent, compared with 47 per cent for Key. Asked after the election which leader they would prefer as prime minister, only 13 per cent preferred Cunliffe as prime minister to Key's 55 per cent.

Table 6.1: Perceptions of David Cunliffe (percentages)

	David Cunliffe a Competent Leader (Percentage Difference with Key)	David Cunliffe a Trustworthy Leader (Percentage Difference with Key)
Very well/good	3 (-44)	6 (-20)
Fairly	21 (-13)	26 (-6)
Don't Know	12 (+6)	17 (+9)
Not very	34 (+27)	29 (+12)
Not at all well/good	30 (+23)	22 (+4)
N	2,788	2,763

Note: The two questions were: 'How well does the following description apply to David Cunliffe: a competent leader?'; 'How well does the following description apply to David Cunliffe: a trustworthy leader?'

Source: New Zealand Election Study 2014.

Inequality

When the issue of inequality emerged as a campaign issue, many observers expected a benefit to Labour, and were puzzled when Labour continued to fail to gain traction in opinion polls. Our data confirms that inequality

was a matter of concern and that a majority of New Zealanders wished for a more egalitarian society. Table 6.2 indicates the distribution of responses to two statements measuring attitudes towards inequality. About two thirds of respondents agreed with each statement. Both questions were also asked in 2011. Between 2011 and 2014, there was a shift of about 6 percentage points towards agreement with both statements, confirming the growing concern about inequality. Transforming the responses into scales between 0 and 1, with ‘don’t know’ scored with ‘neutral’, the differences over time are statistically significant.⁴

Table 6.2: Attitudes to inequality (column percentages)

	Differences in Income Too Large		Government Action to Reduce Income Differences	
	2011	2014	2011	2014
Strongly agree	27	33	24	27
Agree	34	34	34	37
Neither	15	13	13	12
Disagree	14	10	15	12
Strongly Disagree	4	5	9	5
Don't Know	6	5	4	6
N	2,411	2,735	2,401	2,745

Note: The questions were: ‘Please indicate to what extent you agree or disagree with: Differences in income in New Zealand are too large’; ‘Government should take measures to reduce differences in income levels’.

Source: New Zealand Election Study 2014.

Responses to the two questions correlate well at 0.67, and we therefore put them together as a scale designed to range between 0 (acceptance of inequality) and 1 (opposition to inequality). Figure 6.11 compares the means of this scale across the most significant parties in 2011 and 2014.

In 2014, the average party voter for all parties was on the agreement side, with scores of 0.5 and above. National Party voters are only just above, effectively halfway between indifference (represented by 0.5) and agreement (0.75). Green voters agreed most strongly with the principle, although the confidence intervals overlap with Labour just behind. New Zealand First voters and even Conservative voters are more likely than National voters to agree that inequality is high and that something

⁴ Making the same comparison among the panel respondents, the shift holds up and, indeed, it is somewhat stronger in the 2014 responses.

should be done about it. While differences in attitudes towards inequality between National and the other party votes were large in both 2011 and 2014, many National voters would have followed the shift in attitudes against inequality without abandoning National. Comparing Labour and Green voters in 2011 and 2014, we can see that the distribution of attitudes shifted too, while among New Zealand First and Conservative voters they did not.

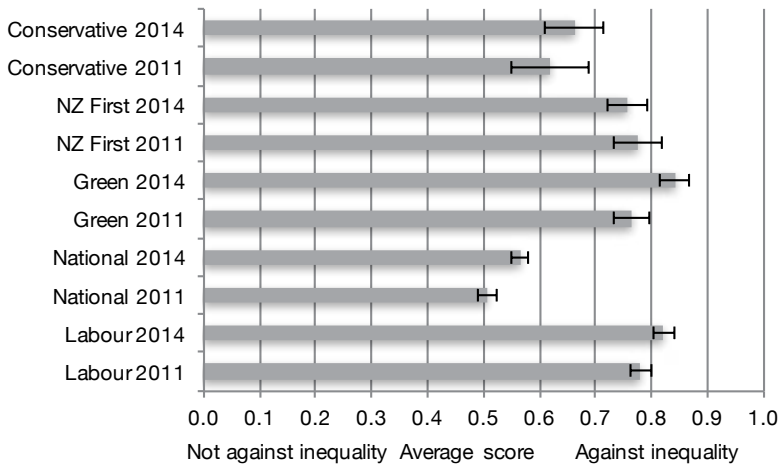


Figure 6.11: Attitudes towards inequality by party votes in 2011 and 2014 (averages)

Source: New Zealand Election Study 2014.

Figure 6.12 lays out the socio-demographic and attitudinal correlates of attitudes towards inequality in 2014 from a regression model on the inequality attitude scale. Older people are more opposed to inequality than younger people by a seven-point difference. As explained in previous chapters, we expect income and asset ownership to have strong effects, and they do. Church attendance is associated with opposition to inequality, consistent with a Christian social justice perspective. Self-positioning on the left–right scale has a major influence. As one would expect, those on the left are significantly more likely to oppose inequality than those on the right. Fears of reduced living standards and difficulty in finding jobs help drive opposition to inequality, as do higher levels of political knowledge. Surprisingly, there are no gender differences, nor any differences based on ethnicity; the latter is soaked up predominantly by the income and asset variables. Occupations, type of employment and even union membership do not appear to be significant either, although they probably have effects

that run through the significant variables such as left–right position. Aspirational optimism for a better living standard in 10 years has no significant relationship with attitudes to inequality; aspirational people do tend to care marginally less about inequality, but not enough to matter.

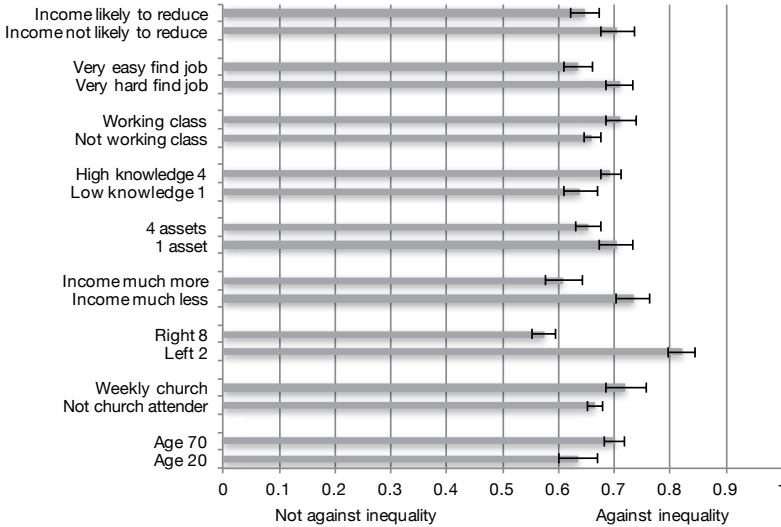


Figure 6.12: Correlates of attitudes opposing inequality (predicted probabilities)

Source: Appendix, Table 6.A6.

Vote choice

We have shown that Labour’s policy distinctiveness on positional issues often presented a challenge for the party by way of conservative pushbacks on gender issues, on its reputation for more generous treatment of beneficiaries, and potentially the Treaty of Waitangi. On other issues, Labour’s policies were distinctive from National’s, especially with respect to New Zealand Superannuation, a capital gains tax and on other actions needed to address inequality. We investigate the effects on vote choice in a series of regression models reported in full in the Appendix.

We acknowledge that complex models of positional and valence vote choices are problematic since different theories assume different relationships between independent or explanatory variables. There are strong possibilities of reverse or reciprocal causality, ‘chicken and egg’

relationships or, in technical terms, of endogeneity. This means that causal order among independent variables or even between an independent and dependent variable can only be inferred by plausible assumptions, or from theory that may be contested. A plausible assumption is that age affects vote choice: we know that vote choice cannot affect age. On the other hand, union membership might affect vote choice, but having a tendency to vote Labour probably affects whether or not someone joins a union. Without even more complex models, equally contestable, we simply have to accept that we cannot avoid endogeneity, explore alternative model specifications as best we can, and make cautious inferences allowing for these uncertainties. The Appendix therefore contains four alternative models so that the implications of alternative assumptions are transparent.

The biggest problem is the question of reciprocal relationships between valence (competence) and positional (substantive issue) variables. Valence-driven preferences can cue a voter position. If someone liked David Cunliffe, and if they had uncertain views about a capital gains tax, they might be tempted to support Cunliffe's party's promotion of that policy. It may be more likely that causality operates in the other direction in more cases than not, but we must still be aware of the alternative.

Table 6.A7 in the Appendix represents the best attempt possible to address these concerns in the space available. The models have been stripped down to the variables that are statistically significant, but the findings are much the same with or without the full range of variables. We are interested in two main differences: first, what happens with and without valence variables in the models, and second, separating out those most likely to be cued by Labour loyalties, having voted Labour in 2011, and those less likely to have been cued, because they did not vote Labour in 2011. We are particularly interested in whether those two groups display different relationships between their positional preferences and their probability of voting Labour.

We focus on the positional variables discussed in this chapter. First, there are two unequivocal findings consistent across all four models included in Table 6.A7. Opinions about expenditure on universal social services and attitudes towards women's representation had no relationship with the Labour vote. Preferences for more expenditure on targeted benefits were significant only without including the valence/leadership variables, or without including previous vote. Support for targeted benefits is correlated with past Labour vote. It is not a preference that moved people toward or

away from Labour in 2014. Support for targeted benefits also correlates strongly with disliking John Key; we suspect the causal directions here go both ways, but probably more from position to valence.

Opinion on change in pension eligibility is significant in three of the four models, but apparently not in the previous vote/valence model IV. Interacting pension change with previous vote exposes a relationship (Model VI). Plotting the post-estimation probabilities demonstrates it in Figure 6.13. If one voted Labour in 2011, one's opinion on pension reform made no difference to one's probability of voting Labour again; Labour loyalties prevailed over opposition to reform. For those who did not vote Labour in 2011, Labour's superannuation policy made them significantly less likely to shift to Labour—hardly the desired effect.

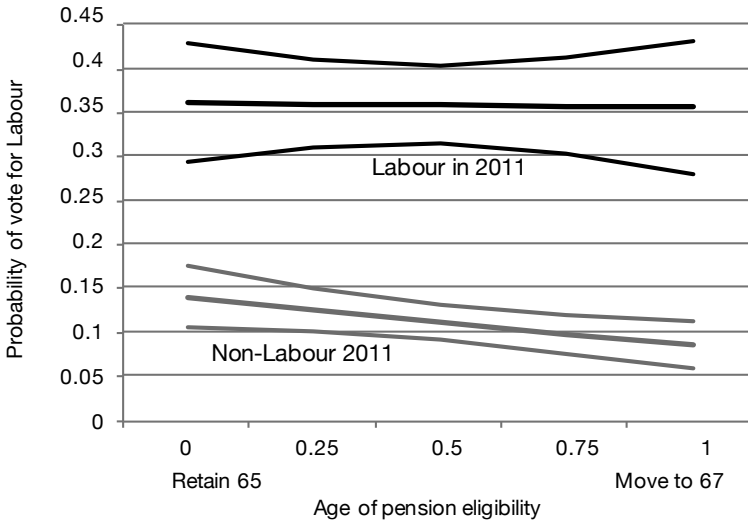


Figure 6.13: Probability of Labour vote by pension age reform

Source: Appendix, Table 6.A7, Model VI.

On attitudes towards the Treaty of Waitangi, Figure 6.14 shows that, all else being equal, Treaty opinion affected the probability of a 2014 Labour vote among those who had not voted Labour in 2011. The probability of an average non-Labour 2011 voter moving to Labour in 2014 was about 6 per cent. Support for the Treaty does seem to have been a pull factor for Labour among this group, limited only by the small number of Treaty supporters who did not already vote Labour in 2011. Whether they were unsympathetic or sympathetic to the Treaty, 2011 Labour voters were just as likely to stay with the party.

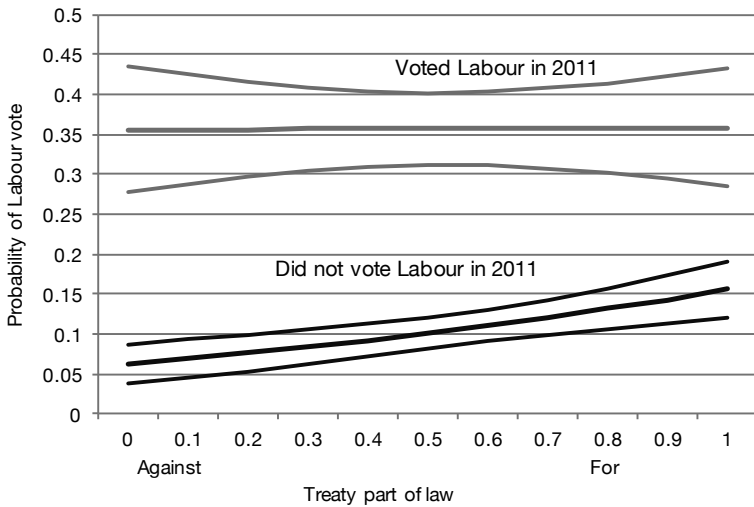


Figure 6.14: Probability of 2014 Labour vote by support or opposition to the Treaty conditioned by Labour vote or otherwise in 2011

Source: Appendix, Table 6.A7, Model VI.

Opinion on a capital gains tax also had consistent effects across all four models. For all the positional variables, in exploratory models we tested for non-linearity; in other words, whether the probability slope was a straight line or curved in some way, representing different slopes at different points of the curve. Capital gains tax was the only one that exhibited a non-linear relationship, in this case slightly concave. It is a subtle difference, but the slope among those in favour of a capital gains tax is about twice as steep as that among those opposed to it. Given that opinion on the proposed tax was evenly divided in the electorate, there may have been a slight advantage to the Labour vote. An interaction derived from Model VI shows the same slope for both 2011 Labour and non-Labour voters, both within confidence intervals, and widely separated, with the 2011 vote slope slightly steeper, suggesting that the policy was slightly better at holding on to previous Labour voters than gaining new ones. Plotting the non-interacted effect from Model IV confirms the relationship most clearly.

Opinion about inequality correlates strongly with the valence variables, particularly liking or disliking of John Key. Consequently, it drops out of models that include the two leadership variables. From Model V that does not contain the valence variables, but includes interactions with previous vote. We see in Figure 6.16 that inequality opinion apparently shifted non-Labour voters to Labour's probable benefit because there was more opposition to inequality than acceptance of it. However, controlling for

the effects of the two leadership variables in Model VI, this slope becomes flatter and falls within the confidence intervals. Either liking John Key made people more accepting of inequality, or those accepting inequality were drawn to John Key on partisan or valence grounds; we cannot say which causal direction was stronger. In an alternative model, interacting inequality opinion with liking or disliking John Key does indicate that opposition to inequality somewhat reduced the negative effects of liking Key on the Labour vote.

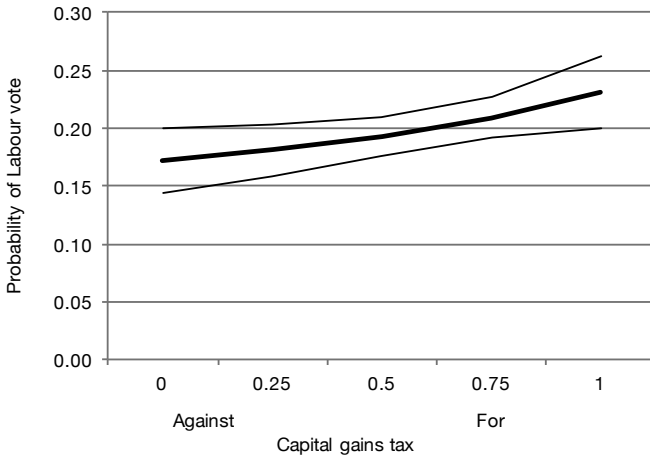


Figure 6.15: Probability of Labour vote by capital gains tax attitudes

Source: Appendix, Table 6.A7, Model IV.

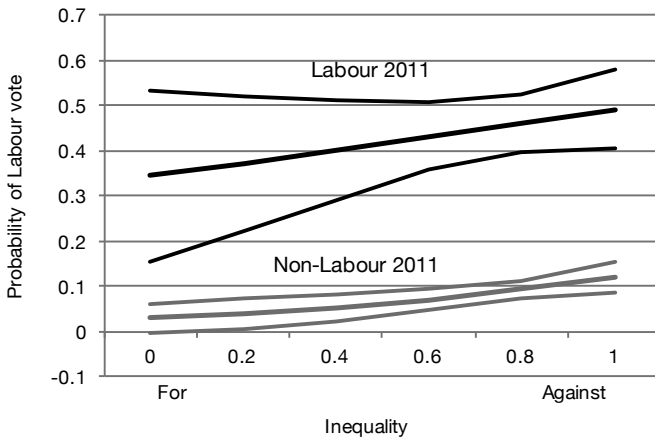


Figure 6.16: Probability of Labour vote by attitudes to inequality

Source: Appendix, Table 6.A7, Model V.

Conclusion

Opposition parties rarely if ever win elections on policies; they win because the incumbent government has run out of steam and voters have lost confidence in its ability to govern. As we have seen, the contrast between confidence and trust in the two major party leaders makes it clear that the government was in no danger of defeat on that score. But policies can make a difference on the margins. Our analysis of the effects of policy positions on vote choice finds little evidence that Labour policies gave the party much electoral traction in 2014—Labour was effectively spinning its wheels. For this, among other reasons, its vote fell back. In the late 1990s and early 2000s, Labour had an advantage over National in its reputation for adequate funding of universal services, particularly health and education. Our data indicates that in 2014, the National Party under John Key had neutralised that advantage. Support for benefits targeted to the unemployed and others unable to work is not strong enough to provide Labour with extra votes.

Labour's concern for 'identity issues' such as gender equality in its parliamentary representation seems to have no effect on vote choice. This may be because of low public interest in the matter, or because Labour downplayed the issue in the aftermath of conservative criticism. Labour's commitment to increase the age for receipt of New Zealand Superannuation appears in our analysis as a vote loser. Labour's positions on Treaty issues do not appear to have harmed the party in 2014 among its more consistent voters, and may have attracted some who had not voted Labour before, albeit marginally. National's close relationship with the Māori Party has taken pressure off this issue. There is no evidence the capital gains tax policy harmed Labour. The problem with this policy lies more in its inconsistency with Labour's pursuit of aspirational middle-income voters whose investments might be affected. Our analysis suggests that Labour both gained and lost votes on this policy, with a slight advantage toward vote gain. Finally, attitudes towards inequality did shape voting choice, but shifting attitudes did not necessarily deliver Labour much advantage. Those opposed to inequality did not move to Labour as much as the party might have hoped. Labour's leadership-based valence deficit was probably the reason.

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