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The unequal election

In this study of the 2014 general election in New Zealand, we have examined to what extent and how social and economic inequality shaped the campaign and the election outcome. As explained at the beginning of this book, the New Zealand general election of 2014 was an unequal election in several respects. First, in keeping with our theme, it was an election in which the issue of social and economic inequality and its various implications loomed large, and was only outranked by the economy. Second, the election was unequal in the sense that the National Party was by far the largest party in votes cast and seats won, and in its campaign outspent its main rivals by a considerable margin. Third, the election was unequal since, despite discussions about declining class voting in most post-industrial societies, economic inequalities continued to underpin the social foundations of voting choices between the parties. The traditional left–right dimension remained alive and well in New Zealand politics. But these economic inequalities and their associated patterns of vote choice intersected with and were intensified by social inequalities between women and men and between ethnic groups, most notably between indigenous Māori and the European or Pākehā majority. These group-based claims for rights interacted with and cut across debate about social and economic equalities, leading to criticisms of an excessive focus on ‘identity politics’, particularly within the opposition Labour Party.

Equality and inequality are complex concepts. Equality of respect is a starting point, implying equal rights and opportunities. Equal outcomes for all is an impossible goal, but too much inequality of outcomes makes it very difficult to promote equality of opportunity. Because recognition

of equality has been delayed for some groups, collective claims for corrective action can confuse a discourse in which the primary definition of rights has tended to be individualist.

While the steep increase in social and economic inequality in New Zealand took place in the late 1980s and early 1990s, public concern about inequality was stronger and much more widespread in 2014 than at any recent election. The concern was generated by an international debate picked up by local commentators, and encouraged by an increased flow of information about poverty in New Zealand and its implications for health and life chances. But compared with other countries, New Zealand's experience of the consequences of inequality was less intense. Throughout the fall-out from the global financial crisis (GFC) after 2008, New Zealand did not become a poorer country and income inequality did not appreciably increase. For most New Zealanders, the debate on the global crisis and growing economic inequality was rhetorical. Even for those affected by low incomes, poor housing, related health consequences and family stresses and strains, experience of inequality was not easily and simply translated into political preferences and behaviour. Inequality was deemed an important issue, but only by a minority. Those among this minority believed that the election should have focused far more on the problem, or, at least, that the parties of the centre-left should have been able to gather more votes than they did. The main theme of this book has been to ask why not? In other words, why did inequality—an issue traditionally 'owned' by Labour—not result in a greater electoral success for that party?

According to one theory about how voting works, people are expected to vote for the party they perceive as best able to address the issue that those people consider most salient. This did not happen in New Zealand in the 2014 election for various reasons. The perceived competence of the sets of parties presenting themselves as alternative governments stands out most clearly. Using the best professional advice, the National Party had groomed John Key as a communicator and carefully developed his public image, although Key himself must take some credit for having an engaging personality to begin with.

Key and his party were also fortunate enough to take office after rather than before the GFC had hit New Zealand. With the advantage of low levels of public debt paid down by previous governments, the Key Government could maintain the modest stimulus package begun under

Labour that partly insulated New Zealand from the crisis. The economic shock was less intense than elsewhere, as New Zealand's biggest export markets were relatively less affected by the crisis than others. The major earthquake that hit the city of Christchurch in February 2011 gave the government another opportunity to take charge and appear to be successfully dealing with another crisis. As we showed in Chapter 5, there was an understandable cognitive bias among voters in their perceptions of National's competence that made it very difficult to shift its voters in other directions.

One of the most telling tables in this book is Table 1.3, in Chapter 1. It shows that about one third of the New Zealand Election Study (NZES) sample considered the economy the most important issue in the 2014 election. Of those, nearly 80 per cent favoured National as the party best able to manage the economy. Even more important, for those concerned about questions related to governance, 63 per cent favoured National and only a derisory 5 per cent favoured Labour. Worse (for Labour), while Labour was the most preferred party to address the problem of inequality in principle, and children and families, National was rated better in other areas of practical policy such as housing and jobs among those who thought those issues important. While Labour was favoured by 41 per cent as best to address inequality, this was short of a majority; 12 per cent said none, and 21 per cent the Green Party. Given Labour's traditions, one might have expected greater confidence in its commitment to combat inequality. But it was the Fourth Labour Government in the 1980s that presided over the steep increase in inequality that continued into the early 1990s under the Bolger-led National Government.

Many would argue that while in government between 1999 and 2008, the Labour Party returned to its social democratic roots and its commitments to fairness and equality (for example, Franks and McAloon 2016). There is reason to concur with this, if only in part. But after 2008, Labour failed to find its feet, went through a parade of leaders, and in 2014 failed to coordinate an alternative coalition of parties that could be presented as a government in waiting. Failing to conduct its own affairs effectively, and failing to signal a pathway to an alternative coalition, Labour fully deserved its poor rating on governance issues. A National Party campaign advertisement portrayed the opposition parties as chaotically trying to row a boat together, going nowhere with oars flailing in all directions. Even those intending to vote for opposition parties found it hard to deny the resonance of that metaphor.

Despite the salience of explanations such as leadership and perceptions of government competence, and the evidence for cognitive bias, the example of the National Government since 2008 still provides a cogent argument for the continued relevance of the economic or median voter model of electoral politics that we outlined in Chapter 3. Retaining the vote of the median voter has been, and continues to be, a major preoccupation of the National Party. Campaigning for office in 2008, John Key had removed almost all possible points of difference between National and Labour that could have provided reasons for voters considering a change to remain with Labour. Labour's reputation for better funding of universal provision of health and education than National, effective at previous elections, had been apparently neutralised by 2014. In office, the government was closely attentive to polling and focus groups, made policy changes accordingly, and introduced some policies that one would expect from a left-leaning party. For example, the 2014 Budget made some gestures towards child poverty, and the National Government introduced a 'material hardship' policy package after the 2014 election. If 2014, like 2011, was a 'valence' election about government competence, it was because positional issues remained in the background. This does not mean positional issues were unimportant; they retain a potential to be mobilised, particularly if the National Party were to move to the right. NZES respondents still put National as far to the right as Labour is to the left. If we had asked respondents where they put John Key, we might have found him placed closer to the centre. In 2017, for National under Prime Minister Bill English, the jury was still out.

NZES estimates of opinions about inequality indicate that values of fairness remain a part of New Zealand political culture. In Chapter 4, we confirmed that social groups shaped by the division of labour and a consequent unequal distribution of wealth and assets continue to provide structure to voting choices in New Zealand. Over and above these differences, ethnicity remains significant. These various divisions are constituted by an inter-related mixture of interests, values and identities. For example, higher education shapes more libertarian attitudes, bringing in the authoritarian-libertarian dimension, associated with Labour and Green voting in particular. Education also affects left-right positions.

Younger people are more attracted to the Green Party. While this may be in part a life-cycle effect, interests and a generational identity at least among a minority of this cohort are likely explanations. The Green Party's appeal is tilted more to those on lower incomes and with fewer assets,

but subjective social class tells a slightly different story: those feeling they do not belong to a social class are particularly likely to support the Green Party. Education also appreciably and positively affects the likelihood of voting Green.

By interacting the effects of assets and income, we identified a problem that made a politics of redistribution more difficult to promote successfully in 2014. We expected and found that those with many assets would be less likely to vote Labour than those with few assets, regardless of their incomes. Assets provide people security on an individual and family basis. Those with fewer assets are more exposed to risk and might be expected to support the left even when their incomes rise. However, in 2014, as their incomes rose, people with low assets were not as likely to vote for Labour as we might have expected following that logic. Those with limited assets and high incomes were significantly less likely to support Labour than those with limited assets and low incomes. We did also find a pattern more consistent with expectations when testing our hypothesis against left–right position. In this case, income does not affect the position of those with only one asset, who, all else equal, tend to sit close to the median position. Those with several assets are strongly affected by income; those on high incomes and several assets likely to be well to the right. Stronger partisan mobilisation of left–right orientations could therefore strengthen political support for income redistribution, but only up to a point, as the average New Zealand voter has been moving to the right. The cause of equality requires changes in hearts and minds, and in voting choices. Unless the experience of a successful centre-left coalition pulls people back toward the left, mobilising the left alone will not be enough to strengthen it.

Economic insecurity should be at the heart of an economic model of voting. Perceptions of insecurity in jobs or in one's standard of living had predictable effects: the more vulnerable they perceived themselves, the more likely people tilted to the left. Even so, even the more vulnerable voted in greater numbers for National than for Labour. Insecurity slightly mobilised the New Zealand First vote, but there was no effect on the Green vote. Overall, given the relatively good state of the economy in 2014, modest effects for job insecurity were to be expected. Meanwhile, the social foundations of major party support give the National Party a strong financial footing because of its deep roots in the business community. By contrast, the main opposition parties had fewer resources

to campaign and organise, less than parties like the Conservatives and the Internet Party, which were almost entirely funded, in each case, by a single rich donor.

In Chapter 5, we confirmed the effects of cognitive bias in economic voting and a relatively small net economic vote. Previous vote conditioned and reduced the significance of the economic vote in 2014, and positive perceptions of government performance in general outweighed the economy. The 2014 NZES also confirms high levels of confidence and trust in National Party prime minister John Key. This put Key in an excellent position to turn the voters' cognitive biases in his favour and refute the claims made in Hager's book *Dirty Politics* (2014). Using panel data, we found that there was no net change in how much people liked or disliked John Key between 2011 and 2014. Nonetheless, the NZES found only 6 per cent of respondents believing that the allegations contained no truth. The largest group of respondents ticked 'don't know'. While *Dirty Politics* had no *net* effect on the likelihood of liking or disliking Key, a small but significant number of those who continued to like John Key were less disposed to vote National if they thought there was some truth in *Dirty Politics*. Although the effect was not strong, it was perhaps enough to have robbed National of a single-party majority. But it was only a small bump in the road over which the bandwagon rolled, carrying National to another electoral victory.

We also sought a 'push' factor toward National, associated with disliking the Internet Party that campaigned primarily against the National Party. Some weak effects were found after controlling for other National 'push' factors associated with dislike of Labour's other two potential partners, the Green Party and New Zealand First. Those preferring a Labour to a National government were more disposed to coalitions than those favouring National. Only 10 per cent of those wanting a Labour government held out for a single-party Labour government, compared with 36 per cent of those wanting a National government wishing to see a government without a coalition partner.

In Chapter 6, we investigated how voters responded to the Labour Party's policies and performance. Labour failed abysmally on the latter and its policies failed to bite. Elections are rarely won or lost on policies. Policies can help on the margins and are significant if they can be anchored in identities that resonate with emotions and values. In 2014, Labour had no big policies. It had a 64-page policy document that very few people

read. There was no concise pledge card summary of a set of simple and appealing policy proposals, of the sort that had worked well for the party in 1999 and 2002. Many economists approved of the superannuation and capital gains tax proposals, but there were few votes available among this small professional group. Labour's policy to raise the age of New Zealand Superannuation almost certainly lost votes.

An extension of Working For Families would have given extra money to beneficiaries with children. But Labour did not emphasise this policy proposal strongly in the campaign debate, or, at least, failed to communicate it effectively in the face of many distractions. Labour's potential vulnerability on the 'wedge issue' of the Treaty of Waitangi and its implications was neutralised by the National Government's partnership with the Māori Party. Labour kept its conservative voters despite their Treaty opinions, but was already at a low ebb. So-called 'identity' politics relating to Māori and women did not negatively affect the Labour vote. As Achen and Bartels (2016) argue, all politics is identity politics. The conservative male working-class vote that critics of 'identity politics' apparently believe Labour should primarily represent is as much based on its identity as any other social or demographic group.

Returning to our main theme, there was a shift between the 2011 and 2014 election on the issue of inequality. More people had become aware of the problem and were concerned about it. While shifting attitudes to inequality did shape voting choice, they did not deliver Labour an advantage. National voters disliking inequality tended to stay with National. There is no evidence the capital gains tax policy harmed Labour among those already well disposed to the party. The problem with a capital gains tax was more in its inconsistency with Labour's pursuit of aspirational middle-income voters whose investments might be affected. Labour's promise to build 10,000 homes was open to scepticism, given Labour's leadership and performance deficits and the obvious division within the party on these and other policy questions. Big shifts in performance evaluations tend to take place as governments age and lose momentum, and as opposition parties demonstrate a clear capacity to govern. It is obvious that no such shift was apparent at the New Zealand General Election of 2014.

The failure to coordinate with the Green Party was one of Labour's biggest failures. The Green Party campaigned against inequality, but its main thrust was a tax policy that would have shifted the burden of taxation

on to producers who pollute, while seeking to maintain the overall tax take at its existing levels. Personal taxes would be reduced, but this would be offset by the increased costs of products produced by polluters. Like a capital gains tax policy, which the Greens also supported, the Greens' tax proposal gained approval from some academic economists but not from the business community. If this was a shift to the right as some assumed, it was not well targeted. When the Green Party got campaign attention, inequality tended not to be its focus.

The Green Party retained a significant pool of votes and would have supported a Labour-led government in efforts to reduce inequality. Were the Green Party to abandon its tilt to the left on inequality and focus on environmental politics alone, as some commentators have advised, Labour could well benefit, but not necessarily the overall left vote. Indeed, our data indicates that the Green Party would probably suffer electorally, because attitudes about environmental protection and social equality cluster together among Green voters. Those advancing the 'realist' school of theory in political behaviour might expect Green voters to follow their party if it cued such a policy shift and focused only on environmental issues (Achen and Bartels 2016; Lenz 2012). But Green Party identification is low, and people tend to move in and out of Green voting. We doubt that many would be cued to follow if the Green party moved to the right.

The biggest barrier in the way of a Green and National accommodation is environmental policy itself. How could the Green Party go into coalition with a party that aspired to strip all principles for environmental protection out of planning law, and was only prevented from doing so by its support partners? A small but still sizeable group of 20 per cent of National voters did see the Green Party as a desirable coalition partner. But if these are 'Blue Greens' voting for the National Party, and apparently available as potential Green voters, their Green credentials are open to scepticism.

The Green Party, like Labour, tends to draw on liberal/libertarian voters. On the other side of this dimension sit the conservative parties, who tend to draw on people with more authoritarian values. New Zealand First is the key player among the parties attracting authoritarian voters, with its voters tending to want less immigration, and hankering for a more conformist and egalitarian past that was much less libertarian and inclusive than New Zealand today. Immigration is another 'wedge' issue from which New Zealand First can benefit and from which Labour might suffer. It is no coincidence that since the 2014 election, Labour, and most

recently even the National Government, have been moving somewhat toward New Zealand First in seeking to control or reduce immigration, and to address its apparent effects on the housing market (Walters 2015; Patterson 2016).

The international literature tends to show that women are more to the left than men (see Chapter 9). We therefore expected women to be more in favour of policies to promote equality. The evidence for a gender gap in voting has been inconsistent in New Zealand and only small effects could be found in opinions and behaviour at the 2014 election. On the left–right scale, in 2014 women aligned slightly more to the left than men but the difference was much too small to be statistically significant. While women are more in favour of the Treaty of Waitangi being part of the law than men and more in favour of environmental protection than men, contrary to expectations they are no more or less opposed to inequality. Between the age of 40 and 60, women are more likely to favour expenditure on universal services than men. Younger women are more in favour of targeted benefit expenditure than men or older women. Efforts to increase equality of ‘voice’ through the representation of women in parliament are stuck with the majority of New Zealanders accepting current levels of about 30 per cent, although women, and in particular younger women, are more likely to wish to see an increase.

Politics among Māori New Zealanders is a unique phenomenon and its parameters have shifted dramatically in the last 20 years. The Māori seats are important because the party that wins them may hold the balance of power in a close election. Most Māori remain more aligned to the left than the right in partisan terms, leading to expectations that increased Māori influence in politics should promote the cause of equality. The Māori Party’s support and involvement in the National-led government since 2008 has created tensions that broke the party in two. Māori party politics is now more fragmented than New Zealand politics in general. Successive Treaty settlements have led to a burgeoning Māori economy, but not all can share equally in its benefits, and elements of class politics are emerging around asset ownership. While the Labour Party won six out of the seven Māori seats at the 2014 election, it has not recovered the votes it lost in the aftermath of the passage of the Foreshore and Seabed Act. While the Māori and MANA parties are unlikely to reunite, electorate accommodations announced for the 2017 election could see many Māori Labour MPs at risk of being defeated where MANA or Māori stand aside

in favour of the other. But the Māori Party has not ruled out a shift from support of a National to a Labour-led government after the 2017 election if the votes make this possible.

At the beginning of this book, we suggested that inequality could have two effects. The first would be a sharpening of a political conflict between the asset/income 'poor' and the asset/income 'rich'. This would be reflected in greater polarisation between social groups in the party choices of those who identify as group members, with a shift to the left because the median voter has a lower income than the average voter. We have identified several reasons, summarised above, why New Zealand voters' behaviour at the 2014 New Zealand General Election did not confirm these expectations. The second effect would be a decline in turnout among the asset/income poor: a disempowerment thesis. The median voter tends to have more income or assets than the median citizen: the composition of those who vote is socially biased against the poor. By not voting, the asset/income poor do not have their need for policies to improve their living standards recognised by governments of any political stripe.

Chapter 11 confirms aspects of the disempowerment thesis, but only in part. Low assets are associated with not voting, but almost entirely among young voters. More generally, the strongest bias in voting is age, with young people being considerably less likely to vote than older people, and contributing more than their share to non-voting, particularly when overall voting turnout decreases. Estimating how non-voters might have voted, the data show that National would have gained slightly fewer votes, as it would tend not to do as well among non-voters as among voters. Labour and the Green Party would not do better or worse among non-voters than among those who voted. Smaller parties would have benefited most from increased turnout. The turnout gap between home renters and owners has narrowed since 2008. More intense mobilisation of the low-income vote by the Labour Party could be an explanation.

Left out of the model are those eligible to vote who are not enrolled that the NZES cannot sample. We know that the non-enrolled tend to be concentrated among ethnic minorities and the young. Data from the Electoral Commission indicate that a decline in enrolment between 2011 and 2014 was predominantly among those under 40, and perhaps more in Labour-held electorates than in those held by National, questioning the effectiveness of grassroots Labour organisation in getting its potential voters on the rolls. We also find that National mobilisation was probably

as strong as that of Labour. Non-enrolment is likely to be associated with residential mobility, and therefore probably more among low income than upper income voters, making Labour's mobilisation effects more difficult than National's. Without incorporating the non-enrolled into our analysis, we cannot be confident that the disempowerment thesis should be rejected.

National won the 2014 election because this was the default option. There were insufficient reasons to change. The upsurge in income inequality had happened 20 or 30 years ago, along with the process that led to electoral system change. The renewed attention to inequality in 2014 was mainly based on talk. This is not to diminish the concerns raised in many quarters about child poverty, poor housing and increasing homelessness, and the accumulating evidence about the harm being caused. But those who were most concerned about inequality were already more likely to vote for the parties of the left.

Looking to the future, New Zealanders, like citizens of all post-industrial nations, live in a context of increasing uncertainty and doubt. The first two decades of the twenty-first century have not been good times for egalitarianism. The GFC hit at a time when centre-left governments were in office in many countries, including New Zealand, Australia and Britain. The destabilising effects of austerity politics in many European countries were later augmented by an unprecedented surge of refugees from Africa and the Middle East, spawning a wave of populism, mostly from the right. Even in the United States, despite a moderately successful economic stimulus in the wake of the 'great recession', populism in the form of Donald Trump's capture of the presidency has shifted the boundaries of political debate.

Against this background, politics in New Zealand is remarkably placid. Because of New Zealand's distance from sources of refugees, immigrants come legally for economic, social or family reasons. Despite high levels of immigration, there is little or no sign of a populist upsurge. Admittedly, New Zealand First shows some signs of increased activity and support. Its seat tally in 2014 was up by three, mainly at the expense of Labour. Winston Peters' capture of the Northland electorate from the National Party as the result of a by-election in March 2015 was unexpected, but as late as mid-2017 there was no sign of a consistent 'follow through' into polling for the party vote. Regional depopulation and lagging rural development may have potential to upset voting patterns in some parts

of the country, but there has been little sign of this. The advance of right-wing populism in Europe and the United States has precipitated much political commentary in New Zealand that ‘it might happen here’. While New Zealand lacks many of the drivers of resurgent populism, New Zealand First exemplifies the potential for its further advance, and could assume a pivotal position in government formation after the 2017 election.

Not long after the 2014 election, the inflating balloon of the housing market began to become an increasing focus of attention, bringing together concerns about young people and families, increasing inequalities in asset ownership and high immigration, a major contributing factor to the ballooning of housing prices under conditions of poor supply. Immigration continues to boost economic growth, but is generating increasing tension. John Key’s resignation as prime minister in December 2016 generated even greater potential to change the political landscape. A commitment to co-ordination between the Labour and Green parties increases confidence in the possibility of an alternative government, albeit offset by the ambiguous position of New Zealand First. The replacement of Labour leader Andrew Little by his popular deputy Jacinda Ardern just seven weeks before the election could make a closer race more likely between the Labour–Green bloc and National and its allies. Thinking purely in terms of party competition, if 2014 was an unequal election, with the National Party firmly in charge, that of 2017 is likely to be a much more equal contest.

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