On a wing and a smile

Political transition in National's business-as-usual re-election

Conference on the 2011 election
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Elections arrange power. The 2011 election arranged that the National party should remain in power, as it has been for 41 of the past 62 years, with support that near-ensures it a working majority for another three years. There had been little doubt of that since it was first elected in 2008 with a nearly a majority in its own right. In fact, it added one seat and 2.4 percentage points to its party vote share, improving on its 2008 record MMP vote share.

But the shape of its support matrix was far less clear pre-election. And this uncertainty developed into an election side-issue, which was a subsidiary of a wider issue, the operation and future of the mixed-member proportional electoral system (MMP).

MMP was the other election winner. The redoubtable Therese Arseneau and the perennial Nigel Roberts, eminent advisers to the Electoral Commission, will address MMP and its future and I will trespass on their field of expertise only to say four things. My first is that the referendum result, 58%-42% of the valid vote (56% retain, 41% replace, 3% informal as percentages of the total vote), was only marginally more in favour of MMP than the 54%-46% in the 1993 referendum which introduced MMP. That suggests status-quo-ism, why-bother-ism or what's-the-alternative-ism rather than satisfaction and suggests that a skilful, all-out campaign by a credible agent for change for a clearly defined and saleable alternative might have succeeded. My second point is that the vote to retain MMP was also in part a vote to fix it. A review had been legislated for in advance in the event it was retained and was publicised by the Electoral Commission and pro-MMP campaigners as "enhanced MMP". I expect the review will recommend the abolition of the "waiver", perhaps with a compensating reduction in the party vote threshold (though some want that threshold raised), might recommend voters have an option of reordering party lists and if it steps outside its specific terms of reference, could sensibly recommend a rise in the ratio of electorate to list seats (favoured by Labour), which voters would probably approve and could usefully recommend the size of Parliament be fixed. My third point is that that the constitutional review also under way is to canvass four-year fixed terms, which both Helen Clark and John Key have favoured and towards which Key took a small step towards by setting the 26 November election date in January, thus cauterising speculation of an early, pre-rugby world cup, election. My fourth point is that many, perhaps most, voters have at best an imperfect understanding of MMP's intricacies and/or how to get what they want and that this limited understanding can distort the result, notably when large numbers think it is foregone conclusion which major party will lead the next government.

This foregone-conclusion effect operated against Labour in the 2011 election, as it had operated against the National party in 2002. In 2002 National's party vote plunged to 20.9% (though it got 30.5% of the electorate vote). In 2011 Labour's party vote sank to 27.5%.

The conclusion that Labour would not/could not win accumulated through the 2008-11 term: Key was highly popular, the government looked competent and more "mainstream" than post-Helen Clark Labour, households understood the need for budgetary stringency even if they didn't like it because they were having to deleverage themselves and Labour's positioning was fuzzy and Phil Goff as leader was neither commanding nor folksy. All this fed into polls which the commentariat (and Labour MPs in private) took as evidence National

P O Box 9494, Marion Sq, Wellington 6141; 04-384 7030, fax 04-384 9175; ColinJames@synapsis.co.nz; www.ColinJames.co.nz

would get a second term.[1]

Even if the polls had been more forgiving, Labour faced a tough climb to get the numbers. To lead the government, it needed to assemble, with supporters, 48%-49% of the party vote, depending on the size of the wasted vote and overhangs. That would have required a lift in Labour's 2008 party vote of 34.0% to a minimum of 37%-38%, to which it needed to add another 10%-12% from sympathetic parties. But every percentage point Labour added to its 2008 vote would have had to be a percentage point denied to potential partners, notably the Greens but also, in a minor key, New Zealand First, unless Labour could win votes off National, when if anything the traffic was the other way, from Labour to National.

By-election results during the term had kept alive some hope in Labour. David Shearer got a higher vote in the Mt Albert by-election than the political giant he succeeded, Helen Clark, there were reasonable showings in by-elections in the safe Labour seat of Mana (where the majority overall "left" vote share held steady) and the safe National seat of Botany (Labour held its minority vote share) and Kelvin Davis ran Hone Harawira close in the Te Tai Tokerau by-election. Also, Len Brown, coming from the left, easily won the Auckland mayoralty.

But actually these results were better seen as creditable defensive operations than as tactical gains — Labour holding its own, not building on its 2008 score. National badly bungled its Mt Albert campaign, Te Tai Tokerau was confined to voters on the Maori roll and the other two by-elections and the Auckland mayoralty were more a demonstration of how concerted and concentrated organisation could get out a reasonable proportion of the Labour core vote out to the polls.

This defensive stance was evident in the way Labour organised in the general election campaign and most notably in seats where its majorities were or should be large — that is, in its low socioeconomic, "core-vote" areas. A union-bolstered on-the-ground effort in the "three Ms" in south Auckland (Mangere, Manukau East and Manurewa) resulted in an average swing to *Labour* in those three seats of 5.7% on the party vote, versus a national average swing to *National* of 6.3%. Labour also contained the swing to National to a low average of 1.4% and 1.5% respectively in the three west Auckland seats and three Auckland isthmus seats where it was strongest. The 0.4% higher final party vote figure than its election night tally suggests it had considerable success in enrolling voters after the cutoff date for the main roll and then in getting them out to vote by special vote. Conversely, National's 0.7% fall from election night to final vote is cause for inquiry by its strategists.

But Labour needed not just to reattach its core vote after many had not voted in 2008. To lift its overall party vote it needed to at least hold the vote in other strata and areas of the electorate. As the election approached anecdotal and other evidence increasingly showed it was failing to do that and its campaign seemed tacitly to acknowledge that.

Still, Labour's showing in the "core-vote" seats suggests that subsisting support for it was higher than its 27.5% of the party vote, on which most post-election comment, including by Labour's luminaries, focused. Arguably, Labour's real support in 2011 was the 35.1% it got in the electorate vote, only microscopically down from its 35.2% in 2008[2]. That gives it a base

[1] The National party says its polls showed Labour support dropping from 32% to 27% when Labour announced it would introduce a capital gains tax. (Drawn from personal conversations.) Whether capital gains tax was the cause or just opened the trapdoor through which Labour was destined to fall is debatable. Judging by subsequent variations in the polls, I think it was probably the latter.

[2] This is slightly understated in that if the electorate votes for Philip Field and Jim Anderton in 2008 are added to Labour's 2008 electorate vote (as the great bulk of them will have been in 2011), Labour's share of the

to work from in 2014. It is also consistent with the hold-the-line achievements in the by-elections. (Note also another parallel with 2002: National got 30.5% in the electorate vote, 9.6 percentage points more than its party vote.)

A partial explanation for the difference between Labour's electorate and party votes may lie in the complaint of some MPs that the two campaigns were separated, that is, that there were two one-tick campaigns rather than one two-ticks campaign. The party-vote billboards did not mention electorates and Phil Goff was absent from the electorate billboards. This echoed some National MPs' distancing themselves in 2002 from the failing party vote campaign; two candidates left the party logo off their billboards.

But most of the explanation for the 7.6 percentage point difference between Labour's party and electorate votes lies in many voters' wish, if Labour's defeat was a foregone conclusion, to make their votes count, either as expressions of a leaning or as a constraint on or modifier of a National-led government. Many Labour sympathisers put their party vote with the Greens or, late in the campaign, with New Zealand First. Recalculating the Electoral Commission's split vote table shows only 65.7% of Labour's electorate vote also went to Labour in the party vote; 14.4% went to the Greens, 8.3% to New Zealand First and 7.5% to National. (The late-rising Conservative party got 1.0%.) Contrast the 86.6% of National's candidate votes which went to National on the party vote.

Anecdote suggests some who were at the green end of Labour or on the Labour-Green boundary felt freer to party-vote Green if Labour was condemned to opposition; they would not be jeopardising a Labour win. Anecdote, coupled with the fact that the Green vote was highest in "university" seats (its party vote was higher than Labour's in Wellington Central, a Labour electorate "stronghold"), suggests this tendency was strong among educated younger voters. Moreover, those voting Green could expect that party to do at least some green-leaning deals with National as the Greens had in 2008-11 and explicitly said (John Key assenting) they expected to do post-2011, whereas Labour, leading the opposition, would be impotent. The Greens even slightly shifted their position on which main party they could support in government, no longer absolutely ruling out National (though making it clear they were nearer Labour while also saying they might not do a support deal with Labour either).[3]

To the push from Labour to the Greens add pull: Labour sympathisers could more comfortably party-vote Greens because the Greens were consciously presenting a less fringe image. Their campaign argued an economic case for their environmental warnings and enthusiasms and they presented detailed fiscal revenue and spending numbers. This was essentially the work of co-leader Russel Norman, honed during the 2008-11 term, but was widely adopted. Metiria Turei, the co-leader whose brief is social policy, started a radio debate talking of a green economy. One flyer at the campaign launch on 6 November headlined its front page: "A smart economy is a green economy." The other topped its front page with "The Greens mean business", put its second target as "Jobs that work for our environment, our economy and our people" and headed its second page with "Smart green economics in action". Norman stated at the launch: "If we don't protect our environment, we

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electorate vote in 2008 would have been 36.1%. But that is not material to the conclusion that Labour held its own in the electorate vote. And the numbers for Field's and Anderton's parties were much smaller in the party vote and so had only a marginal potential effect.

[3] After debate at their annual conference at Queen's Birthday Weekend 2011 the Greens announced that they had slightly softened their rejection of a support agreement with National, rating it "highly unlikely", down from the 2008 position that it was "extremely unlikely". That should be read in terms of co-leader Russel Norman's statement to TV3's Firstline (and in other media) on 7 June that "there is a gulf between us" and National. But he also said: "We will work with National where we can find common ground."

damage the economy." He got the crowd chanting "no environment, no economy". The campaign slogan was "for a richer New Zealand", a subtle play on the different meanings "rich" can have. Building on the striking 2008 campaign poster of a child by Waitemata harbour, the 2011 campaign focused on people as well as the planet. The reward was an 11.1% party vote.

Another likely reason (judging by anecdote) that some who voted for Labour candidates switched their party vote to another party was a (mistaken) hope of constraining National. That could account for some of the late shift to New Zealand First which amounted to 2.8% of the total vote and was surely the difference between New Zealand First getting into Parliament or not.

In addition, some Labour candidate voters probably wanted to vote for the winning side or they just liked John Key, so gave their party votes to National not out of despair but out of choice.[4] And, of course, some of the split-voting will have been non-rational, as always.

Finally, there was another parallel with 2002: aversion to single-party government. In 2002, when voters perceived Labour to be cruising back into power, they cut its final party vote to 10 percentage points below its average rating in opinion polls five weeks out from election day. The main reason identified in Labour focus groups at the time[5] was a mistrust of a return to single-party government and so a desire to vote for parties that might constrain Labour (hence the late boost in that election for United Future, which was in fact a minor constraining force as a support party, and New Zealand First, which was not). Anecdote suggests a similar dynamic vis-à-vis National in 2011: its final vote was 9 percentage points below its opinion poll average two months from election day and 4 percentage points below the poll average early in election week. National missed its "conservative" target of 48%. Some of that fallout went to New Zealand First: 2.4% of those who voted for National candidates party-voted New Zealand First.

Even at 48% National could not count on a majority on its own unless the "wasted vote" was near or above 6%. In 2008, when New Zealand First was ousted from Parliament, its 4.1% lifted the wasted vote to 6.5%. New Zealand First's climb back over the 5% threshold in 2011 reduced the wasted vote to 3.4%, 2.7% of which went to the startup Conservative party as an alternative to the discredited ACT (the combined Conservative-ACT vote of 3.7% matched the 3.6% ACT got in 2008). To get a majority on its own National would have had to get close to or above 49% (half of 96.6%, that is, 48.3%, plus up to 0.8% for the extra seat needed for the majority).

National therefore needed insurance, which became an election issue, though one of monumental triviality.

United Future and ACT were locked in: they committed themselves far in advance. The Maori party was as good as locked in: it had got some concessions, mainly iconic or totemic, including accession to the United Nations Declaration on the Rights of Indigenous Peoples and repeal of the Foreshore and Seabed Act which had led to its formation in 2004; whanau ora, its star policy win, couldn't be assured of survival if the party was not in the government; iwi leaders, close to National and an important source of funding for the Maori party, expected it to recommit; and its two co-leaders very much wanted to.

But as the election loomed these three parties' combined seat tally looked to be set to add up

[4] Also, National says it had much anecdotal evidence of long-term Labour voters saying they were switching to National for this election because of the capital gains tax. (Drawn from personal conversations.)

[5] Drawn from personal conversations.

to at most six and probably only five and maybe not even that, far short of the combined tally of 11 in 2008. The Maori party had split and could count on only three seats and hope for four at the most. ACT could deliver at most one after a series of scandals and a hostile takeover in April by former National leader Don Brash and former National minister John Banks. United Future had no prospect of adding to its one seat and there was even the possibility that that one seat might be an overhang.[6] Consequently National needed, or felt it needed, all three on board to be sure of a working majority but even if it did not need all three for a majority, it would be handy to replicate the "supermajority" it had between 2008 and 2011 when it could count on the Maori party to vote for measures opposed by ACT and United Future and vice-versa. (Needing all three for all majorities would obviously have posed serious political management difficulties and on occasion forced recourse to opposition parties.)

Hence John Key's awkward "cup of tea" with John Banks on 11 November to telegraph to National voters in Epsom that it was critically important to National that they voted Banks in as the electorate MP. To counter accusations of cynical manipulation (condemned by former National Prime Minister Jim Bolger), Key, Banks and National candidate Paul Goldsmith (a biographer of both Banks and Brash) then pretended Key hadn't told National voters to vote ACT while still trying to contrive to make it clear they must. TV3's Patrick Gower tied Banks and Goldsmith up in embarrassing, self-contradictory knots. This was comic opera bordering on farce and not a good advertisement for MMP. (If Key's preferred voting system, supplementary member, had been the one in use he would have been able to count on a single-party majority but that is a another story.)

It got worse. Key elevated comic opera to grand opera when he discovered the eight-minute conversation with Banks had been recorded, probably inadvertently, by a freelance cameraman. He laid a police complaint against the cameraman, the *Sunday Herald*, Television New Zealand, TV3 and Radio New Zealand. He claimed the conversation had been bland and that if it hadn't been bland the *Sunday Herald* would have published it (though the editor said he had asked permission to and, on being denied permission, did not publish). Key likened the recording to the News of the World's hacking of celebrities', politicians' and crime victims' cellphones and declared the New Zealand news media generally were on a slippery slope to the point where they would soon hack suicides' phones. He was testy with reporters when they questioned him about the contents and his reactions and abruptly walked out of a press conference. He severed contact for more than a week with a leading journalist with whom he normally had daily contact. This egregious over-reaction defied rational explanation[7] and indicated a brittleness under pressure which had surfaced in several previous incidents.[8]

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[6] United Future got 0.60% on the party vote. If it had fallen below 0.40%, the percentage of the last quota on the St Lague calculation (won by National) its one seat would have been an overhang, adding another seat to Parliament and pushing up the majority needed from 61 to62 seats and thus cancelling out the value to National of engineering the Ohariu seat for Peter Dunne.

[7] Though amateur psychologists had a field day.

[8] The most notable was a sudden danger. On 5 October 2011 when a man tried to jump over the public gallery in Parliament but was restrained by security guards and the public. Even though, had the man actually jumped, he would have landed on a Labour MP, Key shouted across the Chamber, "You should be ashamed of yourselves", which Labour MPs took to be directed at them and, when deputy leader Annette King asked if he meant Labour, said "That's down to you"; Key also drew his hand across his throat, which might be interpretable as endorsing the Speaker's call for silence but also could be, and largely was, interpreted as directed at Labour. A second was an embarrassment. On 30 September 2011 when two rating agencies, Standard and Poors and Fitch, downgraded New Zealand sovereign debt from AA+ to AA, Key, citing an email from someone who been at a 5 September meeting with Standard and Poors, said that agency had said at that meeting it would more likely cut

It also erected a platform for Winston Peters, whose New Zealand First party was then running about 3% in polls (which Key projected as the likely election score in the recording as subsequently published on January 26 on YouTube). Peters publicised some comments he said were on the recording, including disparaging references to old people who Key said were Peter's main supporters and comments about Don Brash's future, or not, as ACT's leader. Then Key built up Peters as a bogey by repeatedly casting him as part of any Labour-led government, implying such a government would be unstable. Counterproductively for National, Key thereby drew to the attention of those voters who were wary of a Key running a single-party National government the possibility that Peters might be a means of blocking that possibility, which may well have enhanced Peters' leaching of votes from Labour and National.

It is at least arguable that New Zealand First would not have cleared 5% without Key's intervention: the 2.8 percentage points of its 6.6% total that came from voters who had voted for a Labour candidate and the 0.8 percentage points that came from voters who had voted for a National candidate in fact was the difference between the 3% Key expected and the actual score.[9] Ironically, what in part was an attempt to counter the foregone-conclusion effect on National — that some National supporters wouldn't bother to vote because they assumed a National win — not only appears not to have worked (as evidence by the fall from last-week polling figures to the final result and the relatively low share of special votes) but also may have been cancelled out by the extra votes National needed (alone or with partners) for a majority once New Zealand First cleared the 6%.

Thus did Key's mishandling of National's need for support and consequential mistakes — the side-issue I mentioned earlier — become a factor in the result.

But it had little or no effect on "brand Key", as TV3's Gower put it, on which National had centred its campaign: Key's affable, blokey approachability as a uniting Prime Minister with a common touch, a one-of-us-ness, underscored by his genuine empathy in the Christchurch and mine disasters. Labour leader Goff's attacks on him, notably (in the first televised debate on 31 October) labelling as a "lie" that in 2008 Key said he wouldn't increase GST and then in 2010 did, also did not dent the brand. Leadership was one of the election's core issues and on that issue National won hands-down.

The obverse of that was that Labour lost on leadership. Goff was determinedly upbeat, good-humoured and indefatigable in his campaigning both before and throughout the official campaign but he laboured always in the shadows cast by the Key's sunny glow and the sober legacy of nine years of Helen Clark who had alienated many conservative male, logically Labour wage workers who did not see Goff as convincingly different or convincing. Goff was also dogged through 2011 by periodic media musing on mostly illusory coups to replace him, most intensively in March when he was slow to detach front-bencher Darren Hughes after allegations against Hughes of unseemly activity with a teenager.[10] Then during the

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the rating if Labour was in power; that was directly contradicted by the agency which said it didn't rate parties and had not made the comment attributed to it. (In any case the cut was made while National was in powerThe government had predicated its tight 2011 budget on maintaining the credit rating. A third incident concerned inconvenient evidence: on 16 August 2011 to a question in Parliament from Green co-leader Russel Norman he dismissed as "rubbish" a report by the respected (and certainly not leftwing) Infometrics economics team on the cost of children living in poverty.

[9] Of course, some of those votes were in seats where there was no New Zealand First candidate which would marginally affect the figures.

[10] Police investigated the allegations at a leisurely pace and eventually laid no charges but Hughes' parliamentary career had ended long before his clearance.

campaign Goff could not answer questions from the media and in the two first debates with Key about the fiscal numbers in Labour's proposed capital gains tax — nor even in television interviews two weeks later. This fed a behind-scenes stoush between shadow finance minister David Cunliffe and shadow economic development minister David Parker over preparation and publication of the numbers which had ramifications in the post-election contest for the leadership team to replace Goff and deputy Annette King.[11]

Elections are seldom decided on precise fiscal calculations. They are decided more on atmospherics and tendencies. But in 2011 debt and fiscal reliability were an element of the atmospherics at an uncertain time when there was much media coverage of Greece's serious debt problems and problems elsewhere in Europe. Debt and fiscal reliability were a shorthand for the main issue: the economy and who could better be trusted with its management.

For most voters the economy comes down to the actual and prospective state of household finances. In 2011 consumer confidence was positive, suggesting voters by and large thought things would improve, even if there was still pressure and there were unsettling signs. In any case unsettling signs worked for the government: it had not made major economic blunders; after only one term it had not yet built up a list of resentments; voters had a choice of the status quo versus taking a risk on change; and in any case change would be back to a government kicked out only three years earlier.

Moreover, Labour bought into National's definition of what constituted trustworthy management: a return to fiscal surplus by 2014-15. National relentlessly, repeatedly and successfully heaped doubt on Labour's ability to do that, epitomised in Key's jeering "show me the money" in the second debate on 2 November. An 11-page document of detailed numbers and a nine-page supplement, by the far the most detailed any opposition party has produced in an election campaign, was not enough to counter National's attacks. Add this to the usual preference to stick with a new government in uncertain times unless there is good reason not to, which there wasn't. Labour couldn't win on the issue or even neutralise it. While there were majorities for its major policies, those majorities were outranked in voter opinion by concerns about Labour's reliability as an economic manager.[12]

Moreover, the obsession with matching National on the numbers blanked out some important policies. For example, for two years Annette King worked up a new approach to social policy which was to be "child-centred", predicated on the findings of the Dunedin longitudinal study that a child's experiences in the first few years of life have a profound and lasting effect on the capacity to be a full member of society and the economy or alternatively to fail in the education system (and so not be able to join the workforce) and/or to suffer mental and other illness and/or descend into petty, then serious crime. This was a major innovation. It was barely mentioned during the campaign because of worries about how the cost and its timing would affect the numbers contest with National. The same went for the dozens of other policy releases, many of considerable length and detail. Labour's attempt at the outset of the campaign to redefine leadership by pushing a long-term savings and superannuation reform package reaching to 2030 was similarly swamped.

Instead, Labour ended up in a negative frame: it heavily concentrated its campaign on attacking National's proposed sale of up to 49% of four state-owned enterprises and selldown to 51% of its Air New Zealand shareholding. Large majorities told pollsters they opposed the selldowns.

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[11] David Parker supplanted David Cunliffe in finance. Cunliffe went to economic development, seen as a lesser portfolio.

[12] Drawn from private conversations.

But National had tested the proposal with focus groups before committing to it early in 2011 and later as the election approached: it found that when focus group participants were told about the method of sale, the intention to make shares available to retail investors and proposed safeguards against accumulation of shareholdings, including by foreigners, opposition declined to levels the party deemed to be an acceptable risk.

There is a parallel in Australian Prime Minister John Howard's campaigning to introduce GST in the 1998 election which gave him a second term after having sworn off it in the 1996 election when he came to power in the wake of his party's loss in 1993 advocating GST. GST was accepted by the time of the 2001 election. The same trajectory from risk to acceptance is likely here for asset sales, if the initial selldowns are done carefully.

This parallel is not spurious or accidental. The National leadership deliberately adopted before the 2008 what it had observed to be Howard's method in office of incremental change, taking voters with him, adding up after three terms to substantial change. English was a new MP at the time of Ruth Richardson's radical cost-cutting 1991 "mother of all budgets" which shredded National's support[13]. He didn't want a repeat. His budgets explicitly allowed deficits to build to offset the impact of the global financial crisis.

This caution infused the National's 2011 re-election strategy. Horses were not frightened — for example, proposals for far-reaching changes to public services which had been worked up by an advisory group were given no publicity. Nervous horses were offered calming carrots: at the campaign launch Key promised that the first asset selldown proceeds would go to modernising schools (only later did he add water storage investments). Promises were modest but couched in such a way to make the government look very busy: a 120-point action plan, mostly of things already in train, was published shortly before election day. Some itches were scratched: welfare reform, centred on pushing beneficiaries into work, was given prominence.[14] Labour was attacked as fiscally irresponsible. Otherwise, the focus was not to be diverted from the leader (which worked fine until the overreaction to the "tea party" recording, and, with marvellous circularity, proved the need for the insurance policy).

It was the bland leading the bland.

The election could therefore be seen as status quo. The same parties remained in power, even if ACT was much diminished and the Maori party, also diminished, took half a step back from full support. The government had a secure majority (subject to holding all its electorate seats), with the same ability to draw on ACT and United Future for measures the Maori party disapproves of and vice-versa.

But the election is better seen as transitional.

One transition is in Maori parliamentary politics. We know what the transition is from: Labour's monopoly of the Maori electorates. But we don't know yet what it is to: this election

[13] And probably clinched the switch to MMP in the 1992 and 1993 referendums by piling disillusion with National for departing from its supporters' expectation of moderate liberal-conservatism on top of disillusion with Labour's out-of-character 1984-90 embrace of much freer markets and globalisation.

[14] Incorporated in the policy, as in the youth welfare policy announced on 13 August 2011 at the National party's annual conference, was an approach suggested by the Welfare Working Group (picking up an idea from the Accident Compensation Corporation and from Peter Hughes, then chief executive of the Ministry of Social Development) of working out the actuarial cost of someone going on to a benefit long-term and from that actuarial assessment working out the return on investing in programmes to avert that. This more financially rigorous approach was swamped in the media coverage by the focus on pushing beneficiaries, especially solo mothers, into work.

left a muddle.[15]

The logic of MMP is a separate Maori grouping holding all the Maori electorates, initially five in 1993, now seven and likely to be eight in 2014. Note, grouping, not party. Tribal variations, jealousies, idiosyncrasies and priorities make for fissiparous politics that cannot readily be accommodated in a single parliamentary vehicle except at a high level of generality. That is reflected in the fact that the Maori electorate seats are now shared among three parties. The Maori party's aim to hold all the seats has been shattered.

Moreover, voters within each Maori electorate have widely varying interests which are not easily accommodated within a single party. The interests of iwi rangatira and kaumatua (the Maori aristocracy and upper middle class), whose rank fits them comfortably with the National party, often diverge from those of the commoners and some in the new middle class (the Maori educational meritocracy) who are the bulk of Maori voters in Maori electorates and whose needs are more likely to be reflected in Labour party policy.

For the Maori party to make good its claim to represent Maori, to be the "treaty partner come to Parliament", as its then president, Whata Winiata, said in 2005, it has somehow to represent both the upper classes and the commoners. One provides money for the party, is the custodian of iwi traditions and ambitions (article 2 of the Treaty of Waitangi) and has a direct pipeline into the highest levels of the cabinet through the iwi leaders forums. The other provides the bulk of the votes and connects to the Treaty essentially through article 3.

So the Maori party is paddling two waka. Often the two waka go in the same direction but often they diverge. This cannot continue indefinitely.

Alignment with the National party brings this irresoluble conundrum into focus. For National, alignment with the Maori party brings it a proxy Maori vote in the electorates. While National does have Maori support — it scores well among the one-third of voters with whakapapa who choose not to go on the Maori roll — among the two-thirds who do choose the Maori roll it polls so poorly (8.6% of the party vote in 2011 and 7.5% in 2008) that it does not stand candidates in Maori electorates and, unsurprisingly, wants to abolish the electorates. Its Maori MPs are either high-ranking (examples, Hekia Parata and Tau Henare) or see their whakapapa as incidental rather than central in their identity (examples: Paula Bennett and Simon Bridges). For the Maori party, alignment with National reflects that it competes for the electorates with Labour but also brings it often into conflict with the interests of most of its voters who, if choosing between Labour and National, would choose Labour: in the 2011 election Labour again easily won the party vote, with 41.0% (though down from 50.1% in 2008). The first Maori MMP "grouping", the five New Zealand First MPs who won all the Maori electorates in the 1996 election, ceded the seats back to Labour in 1999 after New Zealand First had coalesced with National. In 2011, after the Maori party had chosen in 2008 to support the National government and take ministerial positions, Te Tai Tonga went back to Labour and Te Tai Tokerau followed Hone Harawira and Annette Sykes into their new Mana party.

In addition, there are succession and continuity problems. Both Maori party co-leaders have said they will not contest the 2014 election but there is no simple way, aside from by-elections, to bring in, groom and get public recognition for replacement leaders, even though the party in effect pointed to two possibilities by ranking Waihoroi Shortland and Kaapua Smith at the top of their list.

[15] See also Colin James, "The Maori party's hard choices", *Management Magazine*, October 2011, available at http://www.colinjames.co.nz/management/Management_column_11Oct.htm.

So where is the transition heading? Not, on the evidence, to the Mana party. Hone Harawira is idiosyncratic and Mana is a coalition of people who are mostly on the fringes of Maori, not to mention general, politics. Mana simply sliced off some of the Maori party's party vote: it did not add to the total Maori-specific vote. The fall in Labour's share of the party vote in the Maori electorates went mainly to the Greens. But neither is there strong evidence Labour can regain its old dominance of the electorate vote in the Maori electorates; Rino Tirikatene's win in Te Tai Tonga was more a reversal of a loss Labour could have avoided in 2008 with a stronger and more assiduous incumbent MP than a true gain. And even if Labour did reclaim most of the seats, the post-1999 experience and the logic of MMP — the Maori "grouping" — suggest it would be unlikely to last.

Maori politics are a case of "watch this space". The transition has some way to go.

A second transition reflected in the election is in the Greens' role. For this election the Greens were treated in the allocation of public funds for television advertising as a distinct party between the two big ones and the tiddlers. This was the fifth successive election in which the Greens cleared 5% and it is a good bet they will do so again in 2014. But that comes with a qualification: somewhere between 3 and 5 percentage points of their 11% must be at risk of returning to Labour if Labour looks competitive. And note that Greens in un-green Australia did better (11.7% of the primary vote in the House of Representatives and 13.1% in the Senate) and Greens in Germany polled up to twice the New Zealand level in state elections through 2011. In supposedly green Aotearoa, home to the world's first national green party, the Values party in 1972, one might have expected a stronger result in a down-year for Labour. It is not a launchpad from which to supplant Labour as the second party, as some have mused.

Nevertheless, it is now near-certain (as much as anything can be near-certain in politics) that the next Labour-led government will be Labour-Green; the hyphen between the two is now short; they are locked together, like it or not, at least from the Labour end of the hyphen. (There might be other add-on support parties for Labour but in their case the punctuation mark will be a semi-colon, not a hyphen.) That poses strategic, policy and organisation issues for both Labour and the Greens: how over time, to bring their respective policy positions into a hyphenated state, how to leave room for each other and how to manage the relationship at leadership level, where they are somewhat formal, and the grassroots level where, particularly among younger activists, they are closer. An illustration of the policy challenge is whether the Greens' promotion of ecological economics[16] can be meshed with Labour's orthodox approach.

This is not just an issue for Labour. The Greens insist they frame their view of the world and humanity differently from Labour. How closely could the Greens work with Labour without compromising that distinct worldview? Leading up to the decision at its conference at Queen's Birthday Weekend in June on its support options, the Greens paid close attention to the attrition of votes for all parties which have got too close to the lead governing party, which underlay their statement that they might well not be a formal support party for a Labour-led government.

A third transition reflected in the election is generational. Key and English, both 50, are the bridge between the first-echelon baby-boomers who ran the show from 1984 to 2008 and the post-baby-boomers who will run the show after National next loses. Key is in attitude the older of the two: he likes knighthoods, is very much 1980s in his take on the economy and is

[16] For a brief explanation of ecological economics see http://www.greens.org.nz/misc-documents/sustainable-economics-discussion-paper.

not adventurous. English is the younger: a restless searcher for new ways of doing old things: witness the better public services initiative, a much deeper approach to the next 40-year fiscal projections which will tackle long-term superannuation and health affordability and options, the introduction of an actuarial/investment approach to, a cautious edging towards a slightly greenish element in the economy and backing for a small-country grouping on science and innovation.

But the first irrefutably post-baby-boomer government will be the next Labour-led one. That is because Labour has promoted that generation post-election. David Shearer, as leader, is a baby-boomer but in his openness to new ways of thinking relatively open to the post-baby-boomers. His deputy is Grant Robertson, aged 40, in charge of policy development and plugged into the international debate on the future of, and future options for, social democracy. He is also in effect in charge of the "hyphen" with the Greens as environment shadow minister[17] and will be a significant figure in Labour's impending constitutional and organisational review. Jacinda Ardern, 31, is in social development, with a brief to develop what could be Labour's biggest policy innovation, built on and around Annette King's child-centred approach. Chris Hipkins, 33, is chief whip, also a pivotal position in the caucus.

But what options are there for Labour?

Logically, they could be promising. Inequalities, particularly those associated with income and wealth, have become a focus of political and economic debate. A paper prepared by the World Economic Forum for its annual gathering in January of bankers, company CEOs and politicians rated "severe income disparity" the top global risk for the next 10 years. Singapore is cutting politicians' pay by up to 51 per cent to counter rising public concern about income inequality. Lawrence Summers, a former banker and United States Treasury Secretary, wrote in the *Financial Times* on 20 November: "The extent of the change in income distribution is such that it is no longer true that the overall growth rate of the economy is the principal determinant of middle-class income growth. How the growth pie is distributed is at least as important." On 22 December the *Financial Times*' most celebrated columnist, Martin Wolf, till mid-2007 a stout defender of the finance sector's brilliant but eventually destructive inventions, declared in his column that the "huge rewards" for those with "ultra-high incomes" were "both unjust and inefficient". He demanded "a huge agenda" of government intervention, a "divisive" debate which "cannot be avoided if western democracies are to stay legitimate in the eyes of their peoples". There are many other examples.

This is not the politics of envy. It is, as Francis Fukuyama has identified in an article in *Foreign Affairs*,[18] a consequence of the pressure on what the Americans call the middle class — the people who are neither rich nor poor and who used to be the vast majority (in our society, too) — as the relocation of manufacturing and new technology have destroyed jobs and squeezed incomes. There is puzzlement, bewilderment and anger. But curiously, while the Occupy movement had leftish or outright left overtones in its pitting the "99%" against the "1%" elite, the puzzlement, bewilderment and anger have found much more political voice on the populist right: the Tea Party in the United States and populist parties of the right in Europe. Social democratic parties have not found the words and policies to offer

[17] How Robertson develops the environment role will be interesting. Greens note that he may be tempted to be competitive, reflecting the Labour's third place behind the Greens in the party vote in his Wellington Central electorate. And in fact, on the first sitting day of Parliament in February 2012 Robertson sought to make a point by asking an environment question when the Greens' Russel Norman was pursuing issues related to the state-owned enterprise selldowns.

[18] Fukuyama, Francis, "The Future of History. Can Liberal Democracy Survive the Decline of the Middle Class?", *Foreign Affairs,* January-February 2012

deliverance to the beleaguered middle.

So with Labour here. Labour now is the party of the margins and of a liberal educational meritocracy, not of the bulk of those who are or used to be in the middle nor even of many of those who used to be called working class when that terminology was fashionable and relevant. It is not easy to organise the margins, especially the lower socioeconomic margins, into a coherent political force that votes. Through most of the twentieth century the unions organised much of Labour's vote and channelled it to Labour. But the unions' reach is now far smaller and, with only some exceptions, those on wages are more atomised, the result of the blurring of the social cleavage, the relative decline of manufacturing, the impact of technology, changes in management practice to respond to demands for more customised goods and services, contracting out and government deregulation of the labour market. The members of one of those well-organised exceptions, the Engineers Union, a powerful affiliate of the Labour party, are now as likely to find common cause with National's policies as with Labour's.

Labour is operating now in a different class system from the one it grew up in. The opening of tertiary education in the 1960s generated an educational meritocracy which has become embedded: its children, then grandchildren have been much more likely to go to university and other higher education than the children and grandchildren of those who did not join the educational meritocratic elite[19]: thus, Labour's very generous remission of interest on student loans, which would have accorded with the redistributive principles when the baby-boomers were young, amounted in the 2000s to an upward transfer from wage workers to the children of the meritocracy. Part of Labour's problem now is that the bulk of what should be its logical support base is outside the meritocracy but most of its activists are inside it. Those activists have to reach across a class divide.

One alternative possibility to a social democratic response to the predicament of the middle is a populist force. The pressures are not as intense here as in the United States but do exist. That could potentially save Winston Peters in 2014 from his otherwise likely return to sub-5% territory as Labour recovers. Peters is the most capable populist in our system and his natural home is more on the right than the left, nearer Tea Party than Occupy.

That illustrates the challenge ahead of Labour to assemble the 47%-49% to govern after the next election.

National faces a real challenge next time, too.

ACT will struggle to reunify and develop a coherent strategy under Banks, an interloper, let alone rebuild to the point where it can add more than one seat, especially if the waiver goes. History is against the Conservative party taking over ACT's support role on the right: it did well on its first outing[20] but does not have an electorate seat and will need to develop fast if it is to be a 5% party by 2014. If Peter Dunne fights another three-way contest when Labour is in the rise and National voters' resentment at being told by Key how to vote continues to rise, his hold on Ohariu, and thus United Future's place in Parliament, would be in doubt. The Maori party is more likely to lose seats (to Labour) than gain seats and might in any case be unwilling to risk the odium among its lower socioeconomic support base of association with a third-term National government.

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[19] Paul Callister found a relationship between decile rating of schools and likelihood pupils go on to university. See Callister, P. (2010) *A loss of "white'" male privilege? Gender and ethnic dimensions of domestic student participation in bachelor degree studies*, IPS Working Paper 10/12, Wellington, Institute of Policy Studies.

[20] The combined ACT and Conservative party vote was very close to the ACT vote in 2008.

New Zealand First could be a factor: if it goes out of Parliament, National plus friends could potentially govern even if National's vote slips back to 45%, a realistically achievable score; if New Zealand First picks up votes on a right-leaning populist ticket, it might choose to back a National-led government over a Labour-led one, especially if National has a significantly higher vote and thus a prima facie claim to power.

There is also the possibility of a wildcard, for example, something untoward happening to Paula Bennett, precipitating a by-election in Waitakere which Labour would almost certainly win. National would then have one fewer seat[21] and be thrust into needing all three of ACT, United Future and the Maori party on legislation. That would be very difficult to manage and could leave the government looking ragged and ineffectual as it heads to the 2014 election.

Much will depend on how well the Key-English-Joyce strategy for 2012 works: to make policy changes in 2012 and bed in changes made in 2008-11 to the point where National can in 2014 present to voters "results" —measurable progress on actions resulting from policy changes or choices and/or definable and demonstrable outcomes — and not rely on "brand Key", which will be less shiny in three years.

Whatever happens in 2014, the 2011 election above all restated a longstanding fact about New Zealand politics: that National is more often than not in government. By 2014 it will have been in office for 44 of the previous 65 years and 24 of the preceding 40 turbulent years. Its voting average under FPP for the first 16 elections was 44.3% to Labour's 42.9% and in the party vote for the six MMP elections so far 36.1% to 35.1% (better than it looks because it includes its egregious 20.9% 2002 vote).

National is more skilled at organising than Labour, has a bigger and broader membership and far more money and connects with a wider range of voters and its parliamentary contingent is more representative. National and its allies encompass a wider range of ideologies and voter constituencies than Labour and its allies.[22] That doesn't make National the natural or even usual party of government. But it does suggest an edge. And that showed in this election.

The 2011 election was the re-election of the more-often-than-not government.

[21] There is a school of thought that says that in the event of an electorate changing hands through a by-election, reducing the losing party's overall number of seats as determined by the party vote in the previous election, then the Electoral Commission would be bound to adjust the lists. This seems to be a minority, legalistic view but might be one someone takes to the court for determination.

[22] A useful catalogue of various facets of conservativism and other tendencies on the right of politics is given by Mark Lilla in "Republicans for Revolution", *New York Review of Books*, January 12, 2012, Vol LIX, No 1. Though drawn from and focused on American politics, it has (with appropriate adjustments) broad application to New Zealand.