Political Parties in New Zealand: A Study of Ideological and Organisational Transformation

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Bryce Edwards

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Abstract

Political parties in New Zealand are now affected by elements of *ideological erosion* – they are characterised by both a policy convergence and a general electoral pragmatism. This thesis attempts to characterise and explain this ideological erosion in New Zealand party politics. It also aims to show that the erosion of ideology is closely related to a host of other aspects of party transformation, such as weakened partisan ties (including the decline in party membership, decline in linkages with interest groups, and class dealignment), as well as an increased reliance on the state for resources, the professionalisation of the party organisations, and an increased anti-party sentiment in society. The central argument of this thesis is that these phenomena relate closely to and reflect the shift away from the ‘mass membership’ type of political party to an ‘electoral-professional’ model. It is argued that this transition has been in motion since the 1950s, but accelerated in the 1970s and then again in the 1990s.

This debate revolves around a paradox in which, on the one hand, political parties in advanced industrial countries remain central to the conduct of parliamentary democracy and, on the other, they often seem to be less connected to the constituencies they claim to represent and less able to provide voters with effective choices. This thesis engages with this debate by examining both ideological and organisational transformation in one particular democracy, New Zealand.
Abbreviations

ACC Accident Compensation Corporation
ALCP Aotearoa Legalise Cannabis Party
ANZUS Security Treaty Between Australia, New Zealand, and the United States of America
BNZ Bank of New Zealand
CCMAU Crown Commercial Monitoring Advisory Unit
CHP Christian Heritage Party
CIA Central Intelligence Agency (USA)
CPI Consumer Price Index
CPNZ Communist Party of New Zealand
CTU Council of Trade Unions
DPB Domestic Purposes Benefit
ECA Employment Contracts Act
ELU Electoral Liaison Unit
FOL Federation of Labour
FPTP First-Past-the-Post
GDP Gross Domestic Product
GM Genetic Modification
IT Information Technology
LRC Labour Regional Committees
MMP Mixed Member Proportional
MMSC Mike Moore Supporters’ Club
MP Member of Parliament
NATO North Atlantic Treaty Organisation
NBR National Business Review
NLP NewLabour Party
NORML National Organisation for the Reform of Marijuana Laws
NZ New Zealand
NZBC New Zealand Broadcasting Corporation
NZES New Zealand Election Study
NZLP New Zealand Labour Party
NZPA New Zealand Press Association
OECD Organisation for Economic Co-operation and Development
OPEC Organisation of Petroleum Exporting Countries
PAC Political Action Committee
PCP Progressive Coalition Party
PR Public Relations
PSC Parliamentary Service Commission
RCES Royal Commission on the Electoral System
RNZ Radio New Zealand
SAS Special Air Service (army)
SPD Social Democratic Party (Germany)
SUP Socialist Unity Party
TLN Trade Liberalisation Network
TUF Trade Union Federation
TVNZ Television New Zealand
UK United Kingdom
US United States
VFL Victory for Labour (campaign fund)
Introduction

A Study of Ideological and Organisational Transformation

Political parties in New Zealand have been undergoing a significant transformation in recent decades. As in other advanced industrial democracies, they have been affected by changes in ideology, organisation, campaigning techniques, membership numbers, and their general relationships with society. One of the key aspects of this transformation relates to changes in ideological competition, which has led many party theorists and political commentators to argue that a post-ideological age now underlies the party systems of liberal democracies like New Zealand. In most Western countries this means the main political parties are all aligned with mainstream liberal democracy and have joined a consensus about the fundamentals of economy and society. This is certainly the case in New Zealand where both the major political parties adopted radical neo-liberal economic and social policies in the 1980s, leading to a period of turbulent economic, social and political reform. In the 1990s, this sense of radicalism and turbulence died away, and a policy consensus on major issues emerged, thus forming a ‘new centre’ in the political spectrum.

It is argued in this thesis that parties in New Zealand are now affected by elements of ideological erosion – they are characterised by both a policy convergence (in the sense of moving closer to the centre of the political spectrum) and a general electoral pragmatism (in the sense of parties operating increasingly as ‘office-seekers’ rather than ‘policy-seekers’, and thus placing less
emphasis on issues of ideology, policy and programme). This thesis attempts to characterise and explain this ideological erosion in New Zealand party politics. It also aims to show that the erosion of ideology is closely related to a host of other aspects of party transformation, such as weakened partisan ties (including the decline in party membership, decline in linkages with interest groups, and class dealignment), as well as an increased reliance on the state for resources, the professionalisation of the party organisations, and an increased anti-party sentiment in society. The central argument of this thesis is that these phenomena relate closely to and reflect the shift away from the class mass membership type of political party to an electoral-professional model. It is argued this transition has been in motion since the 1950s, but accelerated in the 1970s and then again in the 1990s.

More generally, this thesis constitutes an attempt to produce a radical re-examination of the New Zealand party system. To do this it critically analyses the nature of the institution of the New Zealand political party, re-evaluating all the important elements and suggesting that New Zealand politics has been thoroughly altered by an important transformation of parties and, in particular, the erosion of ideology.

Why Study Political Parties?

This thesis investigates some of the ways parties have changed. However, this research has not been carried out just because this change has been extensive and interesting, but also because the political party itself is an important institution that warrants understanding. Traditionally political theorists have asserted the importance of parties in advanced industrial democracies like New Zealand. E E Schnattschneider has stated that, 'democracy is unthinkable save in terms of parties' (Schnattschneider, 1942: p.1). According to Giovanni Sartori, parties are 'the central intermediate and intermediary structure between society and government' (Satori, 1976: p.ix). Likewise, Peter Merkl says that 'political
parties and party systems are among the most important political institutions of twentieth century society' (Merkl, 1980: p.1). This continues to be true in 2003 in New Zealand, yet there are also good reasons for researchers to doubt the ongoing strength of parties and to evaluate the performance of some of their functions. That there has been so little attention focused on political parties in New Zealand academic literature should not be taken as a sign that parties are any less important in this country than elsewhere or at an earlier time. Instead it probably suggests that political parties are so fundamental to the operation of modern politics that their role and significance is taken for granted. For, in reality, parties today are more important than they have ever been, and their influence is as prevalent as ever. In New Zealand they are ubiquitous in current affairs, and no aspect of contemporary politics is uninfluenced by them. After all, politics is about the struggle for resources and power, and these conflicts occur primarily through parliamentary politics and government. The New Zealand Parliament is essentially a forum for party political contest and cabinet government is essentially party government.

In theory, if not practice, political parties play a number of roles that make them indispensable to modern liberal democracies. First, parties function as agents of elite formation and recruitment. They serve as the major mechanism for preparing and recruiting candidates for public office. Second, political parties perform the role of organising the government. They provide leaders to government and control the state apparatus. Third, parties serve as a point of reference for many supporters and voters, giving people a key to interpreting a complicated political world, as well as socialising and mobilising the public into politics. Fourth, parties serve as agents of interest articulation and aggregation. They unite a multitude of specific demands into manageable packages of proposals that combine as coherent programmes. The programmes offer the various sections of society useful channels for seeking to influence government policies in their favour. Thus voters are provided with a means of deciding
between alternative political directions.\(^1\) Related to this, political parties also constitute a vital link between the state and civil society – ‘between the institutions of government and the groups and interests that operate within society’ (Heywood, 1997: p.229). Therefore not only are parties responsible in New Zealand for electing the government and Parliament’s 120 MPs, they also bridge the gap between politicians and the people.

Furthermore, under the recently introduced proportional representation electoral system known as Mixed Member Proportional (MMP), political parties are even more central to the functioning of democracy. The contest of elections is now explicitly a party contest in that voters have a specific ‘party vote’ that determines the composition of Parliament. And in line with that, the parties are properly acknowledged in law for the first time. This requires them to be registered in order to compete for the party vote. Thus, under MMP, there has been a renewed focus in the media and everyday life on political parties as the most important organisations in New Zealand politics and government.\(^2\)

The basis for this thesis, therefore, is that politics in New Zealand is almost entirely about party politics and it seems appropriate that such an important and enduring institution should be examined, understood and critiqued. However, there is also reason to doubt the strength of the New Zealand party institution. While parties are ubiquitous in society, and in public office are apparently stronger than ever, in many other respects they are in decline. This thesis examines elements of this weakening, focusing on party organisations, their

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2 The relevance of the party institution is also shown by the fact that so many parties have been created in the last decade. Since its establishment in 1994 the Electoral Commission has registered 40 parties. Never in New Zealand’s history has there been so widespread an effort on the part of citizens and aspiring political leaders to form new parties and to win representation in Parliament. By 2003, 23 parties had been de-registered, leaving 17 registered political parties. Vowles also points out the centrality of parties when he says, ‘Immediately after the change of electoral system, nearly 70 per cent of New Zealanders believed that political parties were necessary to make the political system work’ (Vowles, 2002a: p.413).
interactions with civil society, and their political ideologies. In terms of organisation, the modern New Zealand parties are very different to the class-based mass membership organisations of the past, having substantially fewer members and smaller and weaker extra-parliamentary organisations. In terms of their interaction with civil society, the parties have a tenuous hold over social constituencies, weaker relationships with societal organisations, and increasingly fail to mobilise voters. In terms of party ideology, the parties are increasingly similar and inclined to compete by promoting populist issues and leaders rather than policy and ideological appeals.

If in these ways the party institution is in decline, then this phenomenon is a topic that warrants urgent analysis. Yet, in some ways, this thesis is actually more concerned with the continuing survival of parties than with their decline. As the Economist has asked: 'Is it so very comforting that parties can lose members, worry less about ideas, become detached from broader social movements, attract fewer voters and still retain an iron grip on politics?' (Economist, 24 July 1999b: p.56). In this sense, this thesis highlights the fact that while important elements of the New Zealand political party are in decline, these issues are not being addressed because the actual survival of the parties is not under threat.

Regardless of whether the term 'decline' or 'adaptation' best characterises the changing state of the parties, this thesis examines the consequences of the contradiction between this weakening of parties in society and their apparent strengthening as public office-holders.

In looking at party decline, the primary focus on ideology is also warranted because ideological erosion is deemed to be particularly negative. Essentially this particular erosion negates voter political choice because, 'Implicit in electoral choices is the notion that the party or candidate one votes for will somehow be
different from and preferable to the competition' (Caul and Gray, 2000: p.220).\textsuperscript{3} The tendency towards moderation and compromise means that even New Zealand's current multiparty system is so dominated by the political centre that it is unable to offer clear ideological alternatives. With the move of the parties into a 'new consensus', voters are having greater difficulty perceiving differences between them, and are either opting out of participation or looking to anti-party or alternative anti-political options, neither of which is desirable for democracy.

A Focus on New Zealand

Internationally, the trends described above have given rise to a multi-faceted debate about the meaning of these changes for parties (in particular, the question of whether they are in decline as vehicles for representing interests) and for parliamentary democracy more generally. This debate revolves around a paradox in which, on the one hand, parties remain central to the conduct of parliamentary democracy and, on the other, they often seem to be less connected to the constituencies they claim to represent and less able to provide voters with effective choices. This thesis engages with this debate by examining both ideological and organisational transformation in one particular democracy, New Zealand.

Amongst industrialised nations the New Zealand party system contains many particularly advanced examples of party decline and more specifically of

\textsuperscript{3} See: Mulgan, who argues that the effectiveness of voter choice and accountability in New Zealand democracy depends on the 'extent to which the voters can assess the differences between the parties and their likely behaviour should they gain office' (Mulgan, 1992: p.518). Caul and Gray also conclude that in advanced industrial democracies, the role of parties 'in structuring the vote choice and structuring the policy-making process has weakened. Clear, distinct, and consistent partisan profiles are integral to structuring the voters' choices and to setting the policy agenda. Because party profiles are obscure, it is less likely that once in office parties will have clear and distinct objectives for the policies that they enact. In addition, because parties are growing increasingly similar, parties may no longer simplify the voting choice. And if they do not emphasize issues consistently from one election to the next, then we must question the amount of valuable information that can be provided by parties in government' (Caul and Gray, 2000: p.236).
ideological erosion. In terms of partisan convergence, the two main New Zealand parties famously adopted the same neo-liberal economic framework in the 1980s and 1990s. On non-economic issues, too, Labour and then National adopted significant socially liberal reforms. A strong consensus emerged between the two major parties, despite significant public disapproval of many of these reforms.

The convergence of National and Labour in the late 1980s planted the seeds of public discontent that culminated in the 1993 reform of the electoral system. This is another reason why the New Zealand case has become especially significant. It was expected that the introduction of MMP would produce a parliament and party system that was more diverse and better representative of the more complex opinions of an increasingly heterogeneous society. Other political reforms in the last two decades have led to the increased regulation of political parties and, for the parties in Parliament, greater access to taxpayer-funded resources. All of these changes were expected by many analysts to salvage the political system, rebuilding public faith, interest and participation in the political process and the institutions of government. In particular, the change in the electoral system was predicted to encourage the representation in Parliament of other political parties from outside the Labour-National consensus. This thesis evaluates the extent to which these reforms have – or have not – succeeded in achieving such changes.

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4 These included the nuclear-ships ban, establishment of the Ministry of Women’s Affairs, the recognition of the Treaty of Waitangi, environmental resource management legislation – all of which became bi-partisan. See: James (1990c: p.100; 1993: pp.57-58), and Jesson (1990e: p.146).

5 In terms of increased state regulation, there is now a regime of compulsory disclosure of donations to political parties over a certain amount of money, caps have been imposed on national election expenditure, and parties are now required by law to carry out a democratic candidate selection process. These issues are examined in Chapter Nine.

There are a number of other factors relating to party transformation in which the New Zealand case has proved significant: class dealignment, a decline in voter turnout, a decline in party membership, a decline in party identification, an increase in voter volatility, a decreasing trust and respect in parties, increased party fragmentation, a declining vote for the traditional parties, and an increased reliance by the parties on the state for resources. In all the measures for these factors, New Zealand represents an extreme and significant example of party change amongst comparable nations, and these factors are all examined in this thesis. By concentrating on a party system with what might be regarded as particularly advanced examples of party decline, some important conclusions about this phenomenon can be drawn. The findings of this thesis will therefore hopefully contribute to the international knowledge about party transformation, decline, and adaptation.

New Zealand is also the focus of this study because of the lack of research on political parties in this country. There has only been one book written about political parties in New Zealand: Stephen (R S) Milne’s *Political Parties in New Zealand* which was published in 1966. Since then there has been no comprehensive book-length study of this country’s political parties. Even in terms of individual party histories there have been few in-depth publications – Barry Gustafson’s 1986 history of the National Party stands out amongst other much shorter accounts of recent political party history in New Zealand. There have also been a number of journal and textbook articles that examine aspects of the party system, but nothing since Milne that revisits the subject of political parties as an entirety. Now, nearly four decades later, and especially after the last two decades of turbulent party change, there is an urgent need for a comprehensive and in-depth analysis of the modern party system. In particular, there is a need to redress the lack of academic research in the area of party transformation and ideological erosion.
Although Milne's excellent book has been the 'holy grail' for the academic study of parties in this country, because it was published in 1966 its analysis and focus did not benefit from the new wave of political party theory that emerged from the later 1960s onwards. Beginning with Otto Kirchheimer in 1966 and Leon Epstein in 1967, party scholars began reflecting on the decline of the class mass party in Europe and the rise of the 'catch-all' party. In this new type of party, the leadership was increasingly dominant within the organisation, and it communicated directly with the voters via the media rather than through a large and active membership. Moreover, the catch-all party was characterised by its attempt to broaden its social bases to encapsulate as many interests as possible while reducing its dependence on ideological appeals. Thus the existing bonds between mass parties and their constituencies became unfrozen, leading to a considerable weakening of collective political identity and loyalty. The shift from the mass party to the catch-all party was therefore seen by Kirchheimer as the transformation of class-based (and sometimes denomination-based) mass membership parties into less doctrinaire organisations with much more heterogeneous electoral support. Since Kirchheimer there has been a wealth of vital theory developed about party transformation. Of particular note, Angelo Panebianco further developed the catch-all thesis in the 1980s, asserting the rise of what he calls the 'electoral-professional' party. This model has stressed the weakening of relations between parties and civil society, while emphasising the correspondingly stronger linkage between party and state. The electoral-professional party is also characterised by an increased emphasis on elections, a much greater professionalisation of the party organisations, the prominence of a personalised leadership, and a stress on issues rather than ideology. This thesis on the New Zealand parties has therefore been influenced by all of these theories and utilises them in an attempt to update Milne's Political Parties in New Zealand. For this reason, the thesis appropriates Milne's book title, adding the subtitle, 'A Study of Ideological and Organisational Transformation'.
Structure of the Thesis

Following this introduction, the first chapter sets out the theoretical basis of the thesis and outlines the research methods employed. After Chapter One, the thesis is divided into four sections. The first section, entitled 'Ideology in the Party System', examines the ideological transformation of the party system since World War II. It provides systematic evidence of ideological transformation in the party system. Within this, Chapter Two looks at ideology in the party system during the postwar period up until the vote for electoral reform in 1993, but concentrating on the decade of radical reform since 1984. Party ideology in the decade since 1993 is then addressed in Chapter Three. Together with Chapter One on theory, section one therefore provides the foundation of the thesis by establishing the nature and degree of ideological erosion.

Following the chapters on ideology, this thesis examines other factors relating to ideological erosion in New Zealand politics. Section two, entitled 'Societal Support for the Parties', deals with the relationship of the New Zealand parties with the electorate. Chapter Four looks at the social bases of voter support for the parties, and in particular the declining salience of class. This examination shows the ways in which the erosion of constituencies of support for parties has contributed to ideological erosion. Then Chapter Five deals with the organisational support for parties in civil society – for example, the trade unions and business organisations that are aligned to parties. Again it shows the weakening linkage between parties and civil society.

The third section, 'Party Organisation', explores the extra-parliamentary elements of New Zealand parties. Chapter Six examines the state of the party organisations and, in particular, their memberships (or 'labour resources'). It shows how the marginalisation of party members and the decline of membership numbers has turned modern New Zealand parties into elite cadre-type organisations. Chapter Seven is on party finance (or 'capital resources') and
looks at the sources of party funding and how they use it. It also shows how the parties have become highly professionalized.

The fourth section investigates 'The State-Party Relationship', and suggests how adaptation by the parties has ensured their survival. The first chapter of this is concerned with the resources the state provides to the parties. It is argued that this, more than anything else, has strengthened the parties and ensured their organisational survival. After this, Chapter Nine explores the regulation of political parties by the state. It argues that increased regulation is related to increased state funding, and its effects are to reduce party autonomy from the state while often furthering the interests of the dominant existing parties.

To draw together the issues and arguments of all the previous chapters, and thereby conclude the thesis, Chapter Ten looks at elements of anti-party attitudes in society and general partisan decline which, it is argued, are a logical consequence of the various elements of the decline of the party institution in New Zealand and, in particular, the erosion of ideology. This is followed by a short concluding chapter. The conclusion reached is that in many ways parties are failing – especially in their role of providing meaningful choices and fostering citizen participation in political decision-making. Their ability to aggregate and articulate the interests of different sections of civil society into meaningful alternatives has been substantially diminished.
Chapter One

Literature Review and Methodology

In examining transformation, decline, and adaptation in the New Zealand party system, the central interest of this thesis is in highlighting and explaining ideological erosion. The introduction to this thesis defined ideological erosion as involving policy convergence and increased electoral pragmatism. This chapter provides further discussion of these concepts.

As has already been argued, theories on ideological erosion suggest that it can occur in two distinct ways.¹ The most obvious is the movement of parties towards the centre of the political spectrum — policy convergence. In this centripetal drive, the major political parties in any given system moderate their ideologies, placing themselves closer to the centre — which is commonly viewed as being the location where the ‘median voter’ sits in the political spectrum. In this situation the parties might continue to be just as policy-oriented and principled, but they now hold more moderate positions. In this sense, party systems are deemed to

¹ This formulation is taken, first, from Jaensch, who argues that party convergence can ‘be the result of two different phenomena — the de-emphasis of ideology, or the result of parties taking on a different ideology. The former refers to political parties that are in the process of shedding their ideologies and becoming catch-all, pragmatic, centre parties. The latter involves at least one of the major political parties changing its ideology to one closer to the centre which may be just as strongly held’ (1994: pp.226-227). Second, Orbell and Fougere argue, ‘A distinction needs to be made between the movement of parties to the centre of the left-right continuum and the decline of ideology as a characteristic of party platforms’ (1973: p.440). Furthermore, they say that, ‘that movement toward the centre will not necessarily involve a decline in ideology’, although the ‘obvious historical tendency is for parties to move toward the centre as the ideological component of their platform declines, and the centrist movement can usually be quite fairly seen as a consequence of the ideological decline’ (ibid: p.442).
have either a centripetal (centre-oriented) or centrifugal (centre-resistant) logic in terms of where the parties position themselves on the left-right (or other) political spectrum.

A second element of ideological erosion occurs where political parties adopt a more practical orientation, shedding their ideological direction and adopting relatively non-programmatic stances. In this scenario, pragmatism dominates and electoral calculations shape decision-making. This orientation often (though not necessarily) results in the party shifting towards the centre, but the key point is that it means the party puts less stress on policy issues and ideological themes. Political scientist Otto Kirchheimer called this process 'de-ideologization' (1966: p.187), and other writers have referred to it in terms of 'de-emphasising ideology' (Maor, 1997: p.205), or the 'decline' or 'decay of ideology'.

This second element of ideological erosion is closely related to the distinction between parties as office-seekers or policy-seekers – an idea developed by scholars under the influence of Anthony Downs and the rational choice tradition in political science. Office-seekers are regarded as self-interested parties or politicians who act purely in order to win power, while policy-seekers are regarded as ideologically-driven cause parties or politicians. These two types are by no means mutually exclusive, but instead should be regarded as heuristic or 'ideal' types. Political actors differ and change in the degree to which they represent either orientation.

The office-seeking approach is expressed most famously in Downs' 1957 seminal account of electoral competition, in which it is said that, 'Parties formulate policies in order to win elections, rather than win elections in order to

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2 Alternatively, Strom distinguishes between three separate political orientations: (1) vote-seeking; (2) office-seeking; and (3) policy-seeking parties. However, Strom's justification for regarding vote-seeking and office-seeking as separate orientations are vague except in theory relating to the examination of government coalition formation. See also: Strom and Wolfgang (1999).
formulate policies' (Downs, 1957: p.28). Furthermore, according to Downs, politicians ‘are motivated by the desire for power, prestige, and income’ (Downs, 1957: p.30). However, politicians and parties do not often admit to being office-seekers. Because office-seeking is often seen by the electorate as being overly-pragmatic, opportunistic, and self-serving, political actors therefore attempt to sell their actions and motivations as being based on some sort of pursuit of policy or an ideal. Even ‘a politician driven only by the purest of office-seeking motivations must to a certain extent camouflage these, even after having succeeded in getting into office’ (Laver and Schofield, 1990: p.38). Policy-seekers, in contrast, are generally associated with the representation of social constituencies, and the desire – above all else – to transform or defend the established social and economic arrangements of society. Yet to be a policy-seeking party is not necessarily viewed positively by all. Centre parties ‘like to portray their political rivals as members of some lunatic fringe, typically alleging an obsession with extreme policies and thereby attempting to marginalize them from the political process’ (ibid: p.47). Policy-seeking political actors are also criticised as being ideologues, inflexible, intransigent, dogmatic, and doctrinaire.

As shown later in the chapter, the ‘mass membership’ party type has commonly been based on the policy-seeking orientation while, in contrast, the ‘catch-all’ or ‘electoral-professional’ party type is based on the office-seeking orientation. Both this chapter and Chapter Six show how mass membership parties have often had their origins in working class movements which advocated ‘a cause by propaganda or economic pressure’, rather than primarily by seeking parliamentary office (Maor, 1997: p.105). Such parties are seen to have an ‘integrative’ or ‘expressive’ function – rather than being responsive to electorate demands, they express the beliefs and interests of particular classes or groups in society. In contrast, electoral-professional parties have been created specifically to contest elections and gain office and they are therefore highly responsive to the mood of voters. Such parties give ‘a higher priority on electoral success than ideological consistency’ (ibid: p.107). They tend ‘to adopt a non-programmatic
character, enabling the leadership to respond to diverse electoral considerations’ (ibid: p.106). In order to maximise their office-seeking success, electoral-professional parties mould their programmes to please the electorate, rather than attempting to mould the opinion of the electorate to that of the party’s programme.³

This thesis argues that parties in New Zealand are now affected by both elements of this ideological erosion – they are characterised by a policy convergence and a strong electoral pragmatism. Therefore, the party system displays a centripetal dynamic and the parties operate increasingly as office-seekers rather than policy-seekers. This chapter will outline what research has already been carried out on such ideological erosion. Part One of the chapter looks at the international literature on party convergence and electoral pragmatism. Part Two examines the New Zealand literature on this topic. After that, Part Three provides an outline and reflection on the methodology used in producing this thesis.

**Part One: International Ideological Erosion**

From 1945 until the 1970s a ‘postwar consensus’ existed throughout advanced industrial democracies. During this period, most party systems were underpinned by a large measure of political stability, consensus and policy agreement. This was based on the long postwar economic boom that made possible the establishment and continuation of welfare states.⁴ The postwar consensus was identified throughout the Western world during the 1950s and 1960s and was often labelled the ‘end of ideology’, because many writers detected that a demise

³ See: Caul and Gray, who argue that, ‘Rational office-seeking parties are expected to change their policy positions to correspond with the majority of voters’ preferences, which given a normal distribution typically lies at the centre of the ideological scale’ (Caul and Gray, 2000: p.209).

⁴ See: Roper (1991), and Mitchell (1962a: p.16).
of ideology was at the core of the consensus. This qualitative change in Western politics was explored by a number of political scientists and sociologists such as Seymour Martin Lipset (1963). According to Lipset the big questions about the economic direction of society had suddenly disappeared:

The socialists no longer advocated socialism; they were as concerned as the conservatives with the danger of an all-powerful state. The ideological issues dividing left and right had been reduced to a little more or a little less government ownership and economic planning. No one seemed to believe that it really made much difference which political party controlled the domestic policies of individual nations (Lipset, 1963: p.441).

Generally in this period there was a belief that there had been some kind of synthesis between the extremes of free market capitalism and Marxist socialism, producing what Lipset (1963) called 'conservative socialism', but which was otherwise known as 'social democracy' or 'welfare capitalism'. The decline of ideology was seen as being partially due to the fact that the major ideological tendencies of the early twentieth century had been undermined:

The major ideologies of the left and right in the early twentieth century had been defeated, discredited or found extremely difficult, if not impossible, to implement. Out of this process emerged a compromise position that all the major parties of the early postwar period could at least partly support (Fraser, 2000: p.352).

Others talked of a 'historical compromise' in which there emerged agreements between capital, labour and the state which were seen to be mutually beneficial. This arrangement amounted to an acknowledgement of the right of business to pursue profitability, balanced with the establishment of a comprehensive welfare state. Building on this, Daniel Bell's 1960 book *The End of Ideology* concluded: 'In the Western World, therefore, there is today a rough consensus among the intellectuals on political issues: the acceptance of a welfare state; the desirability

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5 These terms acknowledge that the economy in those capitalist societies was a mixed one, involving private enterprise together with comprehensive welfare systems, and government intervention and ownership in the economy. The proponents of this arrangement often labelled it social democracy, while critics of both left and right used terms like 'welfare capitalism'.


of decentralised power; a system of mixed economy and of political pluralism. In that sense too, the ideological age has ended' (Bell, 1960: p.373).

By the late 1960s and early 1970s the end of ideology prognosis was dismissed as premature. It was challenged firstly by the explosion of social movements and labour unrest. Secondly, the end to economic prosperity brought about an era of political turbulence as governments attempted to navigate the difficult times by restructuring their economies. The party systems of many countries were thus radicalised during the 1970s and 1980s, with some of the major parties moving away from the centre and, in effect, destroying the historic compromise. In many Western countries neo-liberal economic policies were adopted by major parties, leading to a lurch to the right. This was also matched in some countries by equally dramatic, but temporary, shifts to the left by social democratic parties. Suddenly party politics was reinvigorated with ideology, and those parties adopting neo-liberal policies were often ideologically strengthened. New political parties also entered the party systems, and offered increased political choice. In some countries – particularly those with two-party systems – the major parties eventually embraced similar economic reform programmes, leading to ideological convergence. However, in New Zealand, this was not a typical situation of ideological convergence, firstly because the main parties were not in the centre of the party system (but well to the right), and secondly because the convergence

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6 Lipset also argued that the intellectual base of politics had lessened in society: 'In recent years, however, democracy in the Western world has been undergoing some important changes as serious intellectual conflicts among groups representing different values have declined sharply' (Lipset, 1963: p.439).

7 The economies of the West were especially hard hit by the oil shocks of 1974, after which economic growth slowed, inflation spiralled, full employment disappeared, and public expenditure declined. See Roper (1993; 2001), and Callaghan (2003: p.126).

8 For a discussion of the election of the French Socialist Party on a radical left-wing programme, which it later jettisoned in favour of neo-liberal reforms, see: Hewlett (1998, Chapter Four). Initially there were also relatively radical programmes being pushed by the main left parties in the United Kingdom, Portugal and Spain.

9 For example, throughout the West environmental-based parties emerged – most notably in Germany and New Zealand 'green' parties were established which eventually were elected to Parliament.
was not typically apolitical but one highly charged with ideology (even if this was sometimes exaggerated by commentators and opponents). It was also not normally a political consensus that involved either the majority of society or the rest of the party system.

During the second-half of the 1990s, however, the consensus and convergence displayed between the major political parties often spread to the rest of the party system and gained greater public acceptance. Also in the mid- and late-1990s much of the neo-liberal reform came to a halt as the major parties withdrew from the extremes, becoming both more pragmatic and centrist. A 'new centre' was created in many political systems, and most parties came to agree on a policy framework in which the neo-liberal reforms were basically retained but few further reforms were made. In addition, many parties of the right came to accept socially liberal reforms and policies, which further cemented the consensus.

To sum up, the postwar decades involved a significant movement towards consensus in the party systems of Western democracies. This consensus broke down in the 1970s, leading to revitalised party systems, especially with the establishment of new political parties over the next two decades, but with many of the major political parties eventually adopting similar neo-liberal economic policies. Although the adoption of these policies in the 1980s and early 1990s meant that the main political parties in many countries were often highly convergent, a full consensus was not established until later in the 1990s. The arrival of this consensus has brought about a new political era.

National Examples

The fact that some sort of ideological partisan convergence has occurred in most advanced industrial countries in recent years is now firmly documented in the political science literature. This section deals with some of these examples.
Much of the convergence throughout the Western world during the last two decades has been due to a substantial moderation on the part of ostensibly 'left-wing' parties.\textsuperscript{10} There has been a long list of social democratic, socialist or labour governments making u-turns after initially pursuing left-wing — or 'more state' — policies. Left-wing governments in Australia, New Zealand, Scandinavia, Spain and Ireland have all carried out wide-scale neo-liberal social and economic reforms. In the United Kingdom and the United States, also, there has been a broad continuity of policies between administrations such as those of Margaret Thatcher and Tony Blair, and Ronald Reagan and Bill Clinton. Although different countries responded to changes in the economy with different measures — which relates to their governance of different varieties of capitalism\textsuperscript{11} — generally social democracy throughout the world now embraces neo-liberalism in some form or another.

In the United States, the two political parties have converged to a greater degree than ever before. Before he became president, Bill Clinton helped to shift the Democratic Party towards a greater acceptance of the importance of business and free trade. In government, he maintained and extended Ronald Reagan's policies, including radical welfare reforms.\textsuperscript{12} Likewise, in Britain 'New Labour' functions under the ideology of the so-called 'Third Way' and no longer even portrays itself as the political arm of the trade-union movement. Labour has made a virtue of its middle class appeal under Tony Blair, while carefully downgrading

\textsuperscript{10} For an overview of this, see Lipset (2001), who has traced the path of this move of socialism to the right and towards economic liberalism in a large number of countries. See also: Denemark (1990a), the Economist (1994), Kitschelt (1994), and Przeworski (2001). Bale also argues that 'instead of falling apart when the apparent triumph of free market liberalism first pushed them out of office, centre-left parties realised that, rather than abandon or undo deregulation, privatisation and welfare reform, they could offer the electorate a kinder, gentler version. This took more account of the social costs of those policies, and pursued them only where such pursuit was pragmatic, rather than ideological' (2000a).

\textsuperscript{11} See: Thomson (2000: chapter two) for a discussion of the varieties of capitalism.

any policies that link the party with either the past or the working class. One of the key Labour MPs behind the party’s transformation, Peter Mandelson, has asserted that Labour is now ‘a market capitalist party’ (quoted in Lipset, 2001: p.57). To get to this point, Blair proclaimed that the era of big government was over, rejecting Labour’s historic emphasis on public ownership, and embraced the free-market, promising to govern from the centre (ibid: p.57).

The rest of Europe has also generally shown significant ideological convergence since the 1970s and more lately has adopted localised versions of the Third Way. In Spain, the Socialist Party moved away from its neo-Marxist post-Franco phase and into government. Under leader Felipe Gonzalez, the party was transformed into a supporter of privatisation, the free market, and NATO. It undertook welfare cuts, deregulation of the labour market, and gave tax cuts to the wealthy. The *Economist* described these economic policies as having made the government ‘look somewhat to the right of Mrs Thatcher’s’ (quoted in Lipset, 2001: p.59). Since leaving government, the Socialist Party’s new leader, Jose-Luis Zapatero, has moved the party ‘in a more free-market direction’ (Bell and Shaw, 2003: p.3). Other Southern European social democratic parties have also shifted significantly to the right. In Portugal, the 1974 revolution ‘briefly threatened a complete break with capitalism before the position was normalised under

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13 Even before Blair, the British Labour Party made a substantial retreat from its former radical policies of the early 1980s, when it divorced itself from its policies of ‘unilateral nuclear disarmament, withdrawal from the European Community, adoption of import controls, public ownership, industrial planning and expansion of the welfare state’ (Callaghan, 2003: p.127). Under leader Neil Kinnock, Labour began to adopt a market approach, retreating from the policies of public ownership and expanded public spending (ibid).

14 The differences with the Conservative Party were virtually settled when Margaret Thatcher declared at the start of New Labour’s victorious 1997 election campaign, that ‘Britain will be safe in the hands of Mr Blair’ (quoted in Lipset, 2001: p.58). In government, the British Labour Party retained the main elements of the Conservative’s restrictions on unions, focused on keeping inflation low (which required wage gains be held down), shifted control over monetary policy and interest rates to Bank of England, and launched welfare reform (Lipset, 2001).

15 A number of commentators and academics have written about New Labour’s shift to the centre of the political spectrum. See: Thomson (2002), Driver and Martell (1996), Leys (1998), and Glyn (2001).

governments of the Socialist Party' (Callaghan, 2003: pp.127-129). The Socialist Party renounced its Marxism, and adopted policies of privatisation, austerity, and deregulation (Thomson, 2000: pp.87-91). Similarly, in Greece, following the fall of the military regime in 1975 the Socialist Party pushed a radical socialisation programme, as well as wanting to break from America’s control and withdraw from NATO. But in government between 1981 and 1989, the socialists ‘demonstrated the neo-liberal orthodoxy which gave priority to budgetary austerity, monetary stability and sound finances, even at the cost of mass unemployment and the demobilisation of socialist aspirations’ (Callaghan, 2003: p.128).

As recently as the early 1980s the French Socialist Party also went from being a party with a highly conspicuous anti-capitalist stance to leading a government in the 1980s and 1990s which made tremendous reforms in the interests of business as espoused by its opponents.¹⁷ Most notably, Francois Mitterrand carried out an extensive privatisation programme during his 14-year presidency. The Socialists also ‘pursued severe anti-inflationary measures’ for most of their time in office (ibid: p.127). Therefore, although France’s party system has traditionally been polarised, it is of particular note that the main parties converged so thoroughly in the 1980s and 1990s that according to Hewlett:

> a reading of the manifestos of the mainstream right and the mainstream left showed that they had virtually the same positions on the major issues of the day, namely the economy, immigration, education and foreign policy... This was reflected in public opinion, according to the polls, which consistently pointed to a widespread and growing belief in the late 1980s and early 1990s that there was little difference between mainstream left and mainstream right and a belief that it made little difference to most French people who won elections, left

¹⁷ In France ‘the Socialists started an ambitious reflationary programme involving income redistribution, job creation and public ownership. Less than six months after taking office, the Finance Minister was obliged to call for a “pause” in the reform programme’ (Callaghan, 2003: p.126). See Hewlett (1998) for an outline of the radical rightwing reforms of the party in government. According to Hewlett the party ‘changed very rapidly from being a party which had a programme clearly influenced by Marxism to one which had fully embraced the politics of pragmatism, and in particular neo-liberal economic policy’ (Hewlett, 1998: p.63). See also: Thomson (2000: pp.66-80).
or right.... Politicians had great difficulty in asserting what was distinct about their particular party, how it differed from other centre-orientated parties (Hewlett, 1998: p.78).

In general the social democratic parties of Northern Europe have all taken on strong elements of neo-liberalism. Recently the German Social Democratic Party (SPD) under Gerhard Schröder has adopted an orthodox neo-liberal path after initially suggesting a relatively more left direction. The party has embraced the market and competition, with Schroder proclaiming that the SPD is not a party of the left but occupies a 'Neue Mitte' (New Middle). Elected in 1998, the party's business-friendly programme promised 'a reduction in the non-wage costs of labour, a reduction in corporate taxation and assistance for small business start-ups' (Padgett, 2003: p.42). In government, the SPD has been very business-friendly, reducing taxation on company profits from 52 percent to 37 percent. The SPD also axed some social welfare benefits and linked 'increases in pensions to inflation rather than increases in earnings' (ibid: p.45). Then in 2003 the SPD Government pushed through 'a big cut in health spending, a modest reduction in unemployment benefits for the long-term jobless and changes to the labour laws to make it easier for employers to hire and fire' (Hooper, 2003).18

Scandinavian social democracy has, likewise, not been immune to neo-liberalism. The long-time ruling Social Democrats in Sweden have 'reversed their previous wage-growth, high-income-tax, and strong-welfare-state orientations' in favour of a neo-liberal economic approach (Lipset, 2001: p.58). This shift to the right started when the party returned to office in 1982 and moved away from the politics of redistribution. Then in the early-1990s they introduced 'a tax reform

18 The Greens in Germany have also shown that examples of convergence and moderation are not limited to the established major parties. According to Berman, the German Greens have, in little more than a decade, 'moved from radically opposing traditional parties and much of the postwar German political consensus to generally accepting the existing rules of the game, while organising its behavior and internal structures accordingly' (Berman, 1997: p.115). According to Padgett (2003), 'The "eco-socialist" tendencies of the early 1980s have been curbed in favour of "steering the economy towards eco-capitalism" with an imaginative blend of environmentalism and novel economic thinking.... In many other respects, however, the new left agenda has been mainstreamed. Lacking the labour-movement baggage of the Social Democratic left, Alliance 90/the Greens are more open in many ways to liberalising economic reform' (Padgett, 2003: p.39).
(cuts) package... designed to increase work incentives' and 'a very large austerity package' (Arter, 2003: p.89). In the mid-1990s the Swedish Social Democrats under Goran Persson 'pushed in a free-market direction' and introduced a programme of strict public spending cuts to reduce the state debt (Bell and Shaw, 2003: p.4). Throughout the 1990s, the Social Democrats made a priority of reducing inflation, and effectively reduced the size of the state. In 1999 the party privatised 25 enterprises (Lipset, 2001: p.60).  

The social democrats in Finland have pursued similar policies, especially with public spending cuts. The Finnish SPD came to power in 1995 and formed a coalition which included the Conservatives, and the Peoples Party. After deciding to join the euro-zone in 1999, a huge programme of cuts was introduced to meet the criteria (ibid). Pesonen (1999) has shown that the space between the established parties of Finland has steadily shrunk since the 1980s. According to Bell and Shaw (2003), 'the Social Democrat leader Paavo Lipponen, moved the party into a more aggressive libertarianism than any of the others in the Nordic area' (Bell and Shaw, 2003: p.4). Similarly, in Norway, the Labour Party now emphasises the free market and individualism, after dropping 'its commitment to socialist society and state intervention' (ibid). Recently in government, the party has 'pushed through the partial privatisation of state offshore oil and gas interests and pursued a policy of fiscal restraint' (Arter, 2003: p.92).

In Australasia the changes have been ever more marked. In the Australian party system the dominant Liberal and Labor parties have become much more populist and centrist. This is especially true of the once ideological, blue-collar Labor Party which has shed its allegiance to the policies of the postwar consensus and is now run by more pragmatic and middle class politicians. In government during the 1980s and 1990s, Labor cut income taxes, pursued economic deregulation,
and privatised various industries. In addition, as this thesis will show, the New Zealand’s Labour Party has been the most extreme example of social democratic capitulation to neo-liberalism.

The current ideological consensus in the West is not, however, only produced by the capitulation of left-wing parties to economic austerity, but also to the exhaustion of the right-wing in the 1990s. As the 1980s economic boom faded in the 1990s, the dynamic right-wing agenda that accompanied it was also exhausted. This was also due, in part, to the ‘collapse of communism’ and the ending of the Cold War, which threw the old world order into disarray, unleashing a general crisis of legitimacy. It is therefore becoming increasingly recognised that Cold War politics strongly shaped the ideological and institutional framework of Western politics, and therefore played a strong role in structuring party politics. As Ware has argued:

cold war issues did divide parties of both left and right, often in quite subtle ways, and helped to shape the context in which they competed and cooperated with each other. These issues helped to anchor party positions and strategies, in relation to each other, in a whole variety of ways. Remove an anchor and underlying currents will have a rather different effect on the objects they were once holding (Ware 1995, 324-325).

The external threat of the Cold War generally gave right-wing concepts more meaning, thus creating dividing lines within Western politics. The ending of the Cold War has meant the loss of the propaganda focus that gave the right cohesion throughout the Cold War era, and further discredited the ‘state socialist’ policies associated with the left. Parties of the right have also lost much of their identity and direction precisely because social democratic parties have stolen

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20 The Australian Labor governments of 1983-96 responded to stagflation by privatisation, deregulation and public-sector cuts. Public utilities were opened to market forces, welfare benefits were linked to compulsory training and job seeking for the unemployed, while a major redistribution of income produced one of the highest levels of inequality in the advanced capitalist world’ (Callaghan, 2003: p.128). See also: Jaensch (1994), Ward (1991), Jennett and Steward (1990), Battin (1993), Castles et al. (1996), Kelly (1994), and Beilharz (1994).


their economic policies (as examined above). Therefore in many countries the parties of the right came adrift and appeared increasingly irrelevant as they searched around for issues or an agenda through which to redefine themselves. This has especially been the case for the Conservatives in the United Kingdom, the Conservatives in Sweden, and the National Party in New Zealand.

According to Bale, successful centre-right parties throughout Europe have only won elections recently where they have played down their ideological instincts, and tacked towards the centre: 'they admit to differences of emphasis but don't promise or even intend to do away with the "Third Way" mix of stability plus smart intervention that seems to be serving most economies reasonably well. A little deregulation and privatisation, perhaps; but not much more than the centre-left itself was doing' (Bale, 2002d). The first parties of the right to successfully carry out this centrist strategy were the governing Popular Party in Spain and Fianna Fail in Ireland – both of which were re-elected for second terms after stressing their centrist consensus politics (ibid).

In the United States even the right-wing has become less extreme. Although Republicans like Newt Gingrich pushed a hard line stance in the mid-1990s, this soon faded out, and when Republican George W. Bush won the presidency, he did so not on a radical right-wing platform, but on one of 'compassionate conservatism'.\(^23\) Then in the White House, Bush has overseen increased government spending and the continuation of the vast majority of the Democratic administration's policies.\(^24\)

Not only have the conservative parties of the right become part of the new consensus by abandoning the extremes of neo-liberal economic reforms, but


\(^{24}\) Bush has been a much higher spender than Clinton. According to the Congressional Budget Office, a deficit of US$246 billion is expected for 2003, 'and this might rise to $1.8 trillion over the next decade' (Roughan, 2003). See also: Berkowitz (2003).
they have also often abandoned traditionalist social and cultural policies as well. They might still place some emphasis on social issues such as immigration and crime, but their policies on these issues are often at minimal variance with those of their opponents. In fact, on social issues, parties of the right are often indistinguishable from those of the left. In Europe, for example, politicians of the right such as France’s Jacque Chirac have shown just as much ideological flexibility by portraying an apparent ‘anti-war” persona on issues such as the 2003 war against Iraq.

Throughout the West therefore, a new consensus has been emerging that is both centrist and largely non-doctrinaire. It is, however, based upon Third Way principles of free-markets with renewed government intervention, and more socially-liberal polices. It is this ‘new centre’ that is the backdrop to the study of parties in this thesis.

**Theory of Ideological Erosion**

There is not a large body of international academic literature dealing with ideological erosion *per se*, but there are a number of books and articles that address it while looking at other wider issues and by documenting the histories of particular parties. As early as 1911 Robert Michels asserted in his book *Political Parties* that an increase in organisation by political parties would have a moderating effect on party ideology and orientation. Identifying this universal tendency as ‘the iron law of oligarchy’, Michels suggested that party ideals would eventually be corrupted because of the inevitable emergence of a powerful and autocratic elite to whom power became an end in itself rather than the means of achieving ideological goals. Such a leadership structure would ultimately be conservative as it develops its own special interests and aims which are inevitably self-serving, as more and more such interests come to represent the organisation’s survival rather than the purposes for which the organisation was established. Essentially, according to Michels, parties become office-seekers
rather than policy-seekers. Furthermore, in order to gain power, retain it, or just survive, Michels thought parties would need to win support beyond the confines of their own activists, which invariably means moderating their ideologies and policies.

This organisational perspective on party change was very influential, and for the next half-century few other theories about party moderation or convergence were developed. Then in the 1950s and 1960s the rational choice school of thought also theorised that parties eventually come to resemble one another in their issue positions, thus moving towards the centre of the political spectrum. In his landmark book, *An Economic Theory of Democracy* (1957), Anthony Downs constructed a predictive model in which he assumed that parties are like entrepreneurs seeking profits in a marketplace, and that citizens acting like rational consumers, gave their votes to the party which they consider provides them with the best personal outcome. This theory views parties as pragmatic office-seeking organisations. Parties therefore alter the many facets of their parties (policy, image, etc) in order to maximise their share of total votes. Politicians and voters always act out of self-interest and Downs believed that, especially in a socially homogeneous, two-party system, parties compete for the political centre (converging in pursuit of the 'median voter') and largely take their traditional left- or right-wing supporters very much for granted.

Such rational choice theory has always been criticised for its assumption that political parties act purely in order to win power. The consensus in the party literature is that Downs construed party motives too rigidly, when it is true that parties – particularly traditional mass-type parties – do generally seek to influence policy, and they do not follow the goal of power at any cost, especially because of the constraint of party members. Downs is also criticised for the non-sociological nature of his theory. His model ignored the fact that Western political parties are traditionally integrated and aligned with social classes and other social constituencies which act as brakes on the free movement of political
parties along the left-right political spectrum. The political sociology approach, exemplified by Lipset and Stein Rokkan (1967), showed that the traditional party system was based on social cleavages, and parties generally related to different groups of supporters in the electorate, meaning they were not simply free to move along the ideological spectrum until they reached their respective vote-maximising positions. Although Downs saw party changes in ideology as being reflections of changes in social preferences, he did not see parties as particularly driven by changes in social class.

Downs’ spatial theory of parties is also partially consistent with Giovanni Sartori’s (1976) arguments about party system polarisation. Sartori challenged the assumption that parties are essentially projections into the political arena of underlying social groups and that party activities can therefore be explained in terms of, or indeed reduced to, the activities of those groups. Therefore his understanding of party motivations also fitted better with Downs’ office-seeking model. But Sartori’s ‘party-centred’ approach also differed from Downs’ ‘society-centred’ model, in which social phenomena (or voters’ wishes) are seen to govern the competition between political parties. Instead, Sartori viewed parties as independent actors that altered their own environment. This was also consistent with the approach of Adam Przeworski and John Sprague (1986) who ‘assume class to be a result of a party’s class strategy rather than an objective premise of politics. In other words, left parties are actively engaged in a process

\[25\] In their important 1967 essay, Lipset and Rokkan argued that, ‘Most parties have core supporters located in particular segments of society, which provides a solid, long-term grounding. These links between parties and social groups usually develop at crucial points of conflict in a country’s history. Such moments define new social cleavages (that is, divisions) from which parties emerge and which they then reinforce, producing what is often called a “frozen” party system’ (Hague et al., 1998: p.135). These enduring political divisions thus provided a tight framework within which parties could develop and position themselves.

\[26\] According to Sartori, ‘the party system is not the “consequence of class”. Rather, and before, it is the class that receives its identity from the party. Hence class behaviour presupposes a party that not only feeds, incessantly, the “class image”, but also a party that provides the structural cement of “class reality”’ (Sartori, 1969: p.54).
which provides voters with cues that sustain class identification' (Maor, 1997: p.202).

Downs is therefore said to have ignored the possibility and reality of parties influencing and changing voters' own policy preferences. Downs' argument saw political parties simply as followers, constantly altering their policies in order to please voters and so gain as many votes as possible. However, because parties are interactive, also sometimes 'preference-shaping', they have more flexibility in the electoral market than Downs implies: 'parties are not simply feedback mechanisms that respond automatically to external changes. They are, instead, complex organisations with their own "bounded rationalities" constructed out of embedded discourses, relationships with ongoing resource bases, and particular internal power structures' (Ross, 1992: p.44).

Related to this preference-shaping function, Sigmund Neumann (1956) suggested that parties could be classified as either parties of integration or parties of representation. Parties of integration see their primary function as shaping rather than merely reflecting public opinion. Parties of representation, by contrast, are more likely to seek to reflect public opinion in an attempt to secure votes in elections – they ‘adopt a catch-all strategy and therefore place pragmatism before principle and market research before popular mobilisation’ (Heywood, 1997: p.232). Downs’ theory is obviously more relevant and valid when political parties are dominated by the representation model (and thus less organically integrated into society).

Otto Kirchheimer (1966) also argued that a transformation was occurring from parties of ‘mass integration’ to what he called the ‘catch-all’ party. Parties were making strong attempts to broaden their social bases of support, and this required a reduction of their dependence on specific ideological appeals and a
downgrading of the role of their mass memberships. In the attempt to be many things to many voters, instead of trying to represent and appeal to a particular social constituency Kirchheimer argued that the class mass parties were losing touch with their traditional constituencies, their ideological distinctiveness, and thus their original reason for existence. In *The Transformation of the West European Party Systems* Kirchheimer noted that parties were moving away from having a comprehensive ideology to focus on specific issues, as they attempted to maximise their share of the votes so that the potential for a parliamentary majority was maximised. Kirchheimer was worried that without strong parties integrated or attached to particular social constituencies, politicians would simply reflect moods of the electorate or the influence of pressure groups battling for scarce resources. In doing so, parties would suffer a legitimation problem, ceasing to involve citizens in political affairs and politics would become increasingly meaningless. In this sense political parties were becoming more like the *office-seekers* that Downs characterised them as, rather than *policy-seekers*. Downs' approach became more meaningful as political parties took on the characteristics of the catch-all type – parties attempting to appeal to the electorate at large. Kirchheimer believed that the link between parties and voters was changing largely due to a decline in class, arguing that the erosion of

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27 Because catch-all parties are responsive rather than expressive, and their raison-d'etre is to win office, Kirchheimer thought they operated with the ideological flexibility needed to react to shifts in electorate opinion.

28 Caul and Gray: 'As the ideological and traditional group bonds that structured party competition diminish in potency, Kirchheimer theorized that parties would integrate an ever greater number of voters drawn from an increasingly disparate set of categories. In other words, the weakened partisan ties... should encourage centrist policies in pursuit of the median voter' (Caul and Gray, 2000: p.209).

29 According to Maor, Kirchheimer's theories also fitted with Downs' economic rationalist approach in another way: 'The approaches of Kirchheimer (1966a) and Downs (1957) converge in that both accept the law of the "political market" and the connection between this and party response using preference-accommodating strategies. Thus, a party's choice of policies is based on an evaluation of voters' preferences which are thought to be "intrinsic", i.e. determined by factors which are assumed to be exogenous to the process of party competition. Parties' electoral strategies are designed in response to changes in electoral tastes brought about by various economic, social, or other environmental factors' (Maor, 1997: p.206).
traditional social boundaries meant a weakening of formerly highly distinctive identities, leaving parties without strong constituencies (Maor, 1997: p.204). This erosion acted to both pressure and provide opportunities for parties to appeal to a wider audience. Kirchheimer saw this as a negative phenomenon, in which the appeal of immediate electoral success robbed the parties of their original value because they deemphasised ideology, preferring to focus on innocuous issues and put a stress on personality. According to Maor, this produces competitive ideological convergence:

A key outcome of this process is the prevalence of centripetal over centrifugal forces. The characteristic trend of party systems affected by this process is a persistent shift of votes from one or both of the extreme ends towards the centre. This, in turn, gives weight to one direction of electoral competition, the centripetal one. As a result, students of politics start witnessing a process – similar to the one presented in the Downsian model – in which parties accommodate themselves to the preferences of the electorate at large, rather than to specific sectors of the electorate (Maor, 1997: p.205).

There was also an organisational aspect to Kirchheimer's thesis. He believed that mirroring the ideological change was an organisational shift of power to the leadership and those with technical and managerial skills, leading to professionalisation and intensive campaigning. Corresponding to this, there was a marginalisation of party members and activists. Taking a similar organisational perspective – which was also in the tradition of Michels – Leon Epstein (1967) suggested that a decline of class mass parties was taking place, with their replacement by more professional organisations. Epstein explained that this was due to the growth of modern technology and the professionalisation of media skill, but also due to social changes such as rising educational levels and an enlarged middle class. He believed the political implication of this was that modern polling techniques, advertising methods, and public relations strategies were starting to dominate the arena of the electoral campaign at the expense of issues of ideology and doctrine. The function of parties was also changing, and paid professionals were replacing volunteer workers, because the new style of campaigning required competent professional skills. Epstein believed that business-oriented middle-class parties would dominate the future.
Influenced by Michels, Kirchheimer and Epstein, Angelo Panebianco (1988) argued that by the 1980s the class mass party had evolved not just into the catch-all party, but into what he referred to as the 'electoral-professional party'. While the class mass party was associated with bureaucracy, membership, ideology and a dedicated electoral base, Panebianco described the electoral-professional type-party as characterised by wide electoral support, the promotion of issues and leaders rather than ideology and most of all, a strong reliance on professional staff with extra-political and extra-party skills. In this new type of party, the emphasis given to ideology is replaced by the importance of leadership and issues, and 'true believers' are displaced by careerists and representatives of interest groups. The normal result of this is a move by the party towards political orthodoxy. Panebianco drew attention to the decline in party membership, their professionalisation, and their subsequent re-orientation towards the state to finance this development. According to Panebianco, as a result of these trends, ideological competition has declined in significance and party policies have become more malleable in the hands of party leaders and professionals. The measuring of public opinion by opinion researchers becomes a significant determinant of party direction.

A number of other theorists have looked at how the professionalisation of parties has contributed to convergence. Farrell and Webb (2002) say that the way political parties now organise for elections makes them appear as 'increasingly unprincipled, opportunistic power-seekers who will fail to offer voters clear or meaningful choices' (Farrell and Webb, 2002: p.124). Expanding on Panebianco, they say that the professionalisation of party campaigning under the electoral-professional party-type has meant that there has been a perceptible and critical shift in the marketing approaches of modern parties. Where marketing once took a predetermined ideology and attempted to sell it, the new marketing approach centres around adjusting the product to suit the market. This shift from 'selling' to 'marketing' is partly to do with the increasingly sophisticated means of
accumulating feedback and the desire to test opinion. This new professionalised model of party malleability is therefore more in-line with Downs's model of party competition because they are both 'overwhelmingly preference-accommodating rather than preference-shaping' (ibid: p.106).

Sociological theories also contribute to the debate on ideological erosion and party transformation. For example, the argument is frequently made that the changing class structure of post-industrial society has caused a decline in the ideological component of parties. Some, such as Herbert Kitschelt (1994), argue that the class structure has changed dramatically – especially in the decline of the size of the working class, and this has led leaders of left and right parties to blur their programmatic differences. These changes in the social structure have also been said to produce a more consensual politics in society.

Ronald Inglehart's theory of postmaterialism (1990; 1997) is perhaps the most influential thesis explaining the decline in class voting. The increasing affluence in the West, Inglehart argues, has produced a culture shift which represents the major political development since the Second World War. This is seen through a change of priorities from 'materialist' to 'postmaterialist' values – especially since the 1970s. Materialist-economic issues such as wages, provision of healthcare, education, and welfare are largely differentiated from less tangible postmaterialist policies and values associated with issues of society, culture and morality. Scholars studying postmaterialism suggest that party systems are increasingly structured around these issues at the expense of the traditional economic/materialist left-right dynamic. One implication of the increasing salience of this alternative dimension of conflict is that it allows parties to converge on the more primary economic left-right dimension by providing parties with alternative issues on which to differentiate themselves.

30 See also: Thomson (2000: pp.52-56),
By the early 1990s, developments in a number of countries were stimulating a fresh round of academic speculation about party convergence. In most advanced industrial democracies, the neo-liberal economic reforms of the 1980s and the effects of economic globalisation in the 1990s meant that a political convergence was developing amongst major parties which undermined the ideological distinctiveness of party governments. Many scholars argue that since the 1970s political parties have been forced into greater convergence by the fact that globalisation of the economy means that parties in government have fewer means by which to make a difference. Changes in the international environment, such as the growing influence of the international economy are limiting both the scope and the discretion of many national governments, and hence the ability of parties in national governments to steer policy has been reduced over time. Socio-economic constraints have thus weakened both the economic and political bases for support of the welfare state, thus reducing the importance of partisan control over government policy. Parties may be increasingly constrained by the same set of policy parameters and therefore find themselves sharing the same set of policy priorities. Consequently differences between parties have declined, with parties offering only variations on, for example, market-oriented economic programmes. This means that it makes little difference whether parties of the left or right are in government.

Other more recent theories about convergence seek to partially explain the programmatic convergence trend by drawing attention to the role that state funding of political parties is playing in making parties less dependent on society for their resources. Richard S Katz and Peter Mair (1995; 1997) have used their theory of 'cartellisation' of parties to explain how modern parties collude to participate in the 'spoils of the state', gaining all sorts of resources to be used for political means and goals. Katz and Mair say that reliance on these spoils is making parties more aligned with the state than with the particular social constituencies that they traditionally represented. In a sense, by being freed up
from the constraints and pressures of social classes and other constituencies, politicians are even more likely to act in the way that Downs suggested.

There have been few arguments against these assertions of convergence – and many of these only challenge elements of it. Some scholars, such as Wagschal (1998), have argued that while it might be true that the *major* political parties in advanced industrial nations have converged, it is also true that new political parties have emerged offering new political choices. For example, many of these party systems have witnessed the establishment of new environmentalist parties. Likewise, small 'new left' parties and centrist parties have often experienced renewed electoral vigour. More recently, new right parties have arisen. Therefore, even if the major parties 'have generally converged, the ideological diversity of entire party systems may have followed a divergent course, with new parties moving into the space vacated by the major parties' (Caul and Gray, 2000: pp.213-214). Empirical evidence has been produced that both confirms and opposes this theory.

The Downsian view of political competition is thus at the heart of discussion of ideological erosion, as Downs suggested that parties are (1) prone to convergence on the median voter, and (2) prone to office-seeking rather than policy-pursuing. In the past many theorists have disputed that party politics operates as simply as this, because other factors constrained party leaders from operating as free agents with the ability to adjust their party policies in a Downsian sense. In particular, parties were said to be constrained by their ties to particular social constituencies and their large extra-parliamentary party organisations. However, it is questionable as to whether these constraints still exist on party leaders in New Zealand. Alternatively the New Zealand political parties might be best understood as electoral-professional parties – as described by theorists such as Kirchheimer and Panebianco. Such parties are little more than collections of individual leaders that are not reliant on party members for resources, are largely unconnected from strong social constituencies, are
increasingly regulated by the state rather than those involved in the party, and are highly reliant on professionals and capital-intensive campaign-techniques to get MPs elected. Instead of integrating themselves into society and attempting to reshape the political preferences of voters, such electoralist parties act as opportunistic followers of centrist political trends. The question of whether, and to what extent, these are the characteristics of the modern New Zealand party is what this thesis seeks to investigate.

**Empirical Research into International Convergence**

Much of the discussion above is based upon qualitative and single party evidence of ideological convergence. There is, however, quantitative evidence that purports to provide both evidence for and against ideological convergence in advanced industrial countries. This section reviews some of this research, after first discussing ways of measuring ideological change.

To understand whether parties are subject to centripetal competition it is necessary to measure the ideological or policy dimensions of the parties. There are five basic methods of measuring party ideology and analysing policy dimensions:

1. party manifestos can be analysed;
2. the actual record of parties can be evaluated, either when the parties are in government (looking at policy outcomes) or in legislatures (looking at voting records);
3. public opinion surveys can identify party positions;
4. experts can be surveyed about party positions;
5. party and MP statements, speeches, and media releases can be analysed.

To be most useful, these methods need to convert party behaviour into locational positions on some sort of unidimensional or multidimensional scale. Then, these positions can be analysed over time to evaluate shifts in ideology. The positions
on the scale can also be used to calculate the degree of polarisation in the party system. The most commonly used scale is the left-right dimension. According to most party scholars, party competition in advanced industrial democracies tends to create this one central ideological dimension that organises political conflict. The terms of ‘left’ and ‘right’ captures a variety of issues that help voters and parties make sense of the political landscape.

The first method mentioned above, party manifesto analysis, has been used most extensively by the Comparative Manifestos Project (CMP) and associated researchers. 31 These researchers code each manifesto in terms of the attention it devotes to 57 separate themes, adding ‘together the percentage of each party’s platform devoted to issues with a leftist emphasis and the percentage with a rightist emphasis, and then calculated the difference to create a left-right score for each party in a given election year’ (Caul and Gray, 2000: p.211). The shortcomings of this technique relate mainly to whether or not party manifestos can be taken as reliable representations of party ideology, and there are many reasons for questioning this assumption. 32 Furthermore, within the party literature, this method is well known for providing unexpected and implausible outcomes. 33

31 Formerly known as the Manifesto Research Group, the CMG has since 1979 analysed the electoral programmes of all relevant parties in 25 democracies in the postwar era.
32 For example, in the New Zealand case, Richard Mulgan (1997) argues that the policy in election manifestos has always been ‘deliberately imprecise in its wording and many decisions which government took were not covered in the policy at all’ (Mulan, 1997a: p.115). Also, see Mulgan (1990) for a useful account of the weakening influence of election manifestos in guiding government action in New Zealand. Furthermore, under MMP, it seems that there are fewer ‘detailed policy statements/manifestos because they may be seen as constraints on future negotiations for a place in a coalition government’ (Wilson, 1998: p.174).
33 See Riccardo Pelizzo (2003), who examines why the left-right scores generated by party manifesto analysis ‘do not do a very good job, in terms of face validity, of describing parties’ locations on the left-right dimension’ (Pelizzo, 2003: p.67). He argues that such methods produce ‘a considerably distorted picture of the Italian party system’, and that they have also proved ‘problematic in terms of face validity in the cases of Austria, Belgium, Denmark, France, Germany and the Netherlands’ (ibid).
The second method mentioned above is the study of parliamentary means to determine the actual behaviour or record of parties in government or parliament. A number of scholars have carried out detailed empirical research on what different types of political parties do in government.\(^{34}\) Similarly in some legislatures where party discipline of MPs is low, the voting data on lawmaking can be analysed to determine the ideological positions of individuals and parties (Brechtel and Kaiser, 1999: pp.5-6).

The third and fourth methods involve using either the public or experts to provide a picture of the ideological placement of parties. To research the public's views requires substantial (and therefore expensive) surveying, and this, of course, also involves respondents who know little about party politics. Expert surveys, by contrast, can be cheaper and are regarded as more reliable. A questionnaire is normally mailed to political academics, which asks the respondents to place parties on a ten-point Left-Right scale. The most significant cross-national surveys have been carried out by Francis Castles and Peter Mair (1984), Michael Laver and W. Ben Hunt (1992), and John D. Huber and Ronald Inglehart (1995).

The main problem with using this technique for analysing ideological erosion, is that it tends to overstate polarisation and centrifugal competition. This is because respondents tend to spread their placements of parties across the whole 0-10 scale, paying greater attention to how the parties relate to each other on the dimension than how they relate to the centrifugal or centripetal nature of party competition. Thus parties that are only moderately left or right are often placed at a more extreme place on the spectrum in order to differentiate the parties from those in the middle of the spectrum (Castles and Mair, 1984).\(^{35}\)

A fifth less quantitative method can be used to analyse MP statements, speeches, and media releases, as well as generally monitoring party competition.

\(^{34}\) Most famously, Richard Rose (1980), published his book *Do Parties Make a Difference?*

\(^{35}\) See also: Pennings and Keman (2000), who say that 'The expert estimations predict far more extreme policy positions' than using manifesto analysis and comparison.
This can be used to establish the ideological histories of parties in certain periods. This technique might lack the strong scientific methodology of the previous one mentioned, but it allows for a rich analysis of party developments.\footnote{For examples of this approach in the New Zealand case see: McLeay (1994), and Barker (1998).}

To calculate whether the party system has been subject to centripetal or centrifugal changes over time, it is useful to measure the polarisation of the party system at different times. This is done by weighting each party’s summary left-right score with the party’s share of the votes or seats at each election, so that each party’s contribution to the diversity score is proportional to its level of support in the party system. This produces a quantitative score which represents the level of polarisation. Some researchers calculate polarisation based upon the distribution of parliamentary seats across the political spectrum rather than actual popular support expressed in terms of party votes.\footnote{For example: Brechtel and Kaiser (1999).} As argued later, it makes more sense to use the measure of votes, as in many electoral systems – including the first-past-the-post (FPTP) system present in New Zealand prior to 1996 – the distribution of parliamentary seats does not proportionally represent the spread of public support for parties.

In terms of the immediate postwar period, there has been much research produced to confirm ‘end of ideology’ theories. For example, using party manifesto data for ten Western party systems, John Thomas (1975; 1979) found evidence for a strong trend toward convergence from the 1950s to the 1970s. On ten major socio-economic issues, Thomas documented a movement toward the centre in every country. CMG researchers used similar methods to look at ten Western democracies between 1945 and 1987. Klingemann et al. found that to the extent that there has been any type of convergence, ‘it happened in all countries at about the same time – during the 1960s and early 1970s’ (Klingemann et al., 1994: p.237). Yet, overall, the researchers came to the conclusion that the leading parties of the left and right continued to keep their
distance and maintain their identity, rather than clustering around the median voter in the centre.

Mair's analysis of expert surveys carried out in 1982 and 1993 for thirteen different European democracies has, by contrast, indicated a significant decline of partisan purpose and the blurring of differences between traditional parties:

the gap which separates the traditional major party on the centre-left from that on the centre-right has declined in eleven of the thirteen European countries for which comparable data are available. In some cases, the increasing proximity of the traditional opponents is particularly marked, as in Belgium, for example, where the gap has been reduced by almost 40 per cent; and the UK, where it has been reduced by almost 35 percent. Elsewhere, as in Norway and Sweden, for example, the reduction has been much more muted. It is only in Denmark and Italy (notwithstanding the transformation of the PCI into the PDS), on the other hand, that the relative distances between the traditional protagonists have widened in the last ten years (by 3 per cent and 11 per cent respectively) (Mair, 1997: pp.133-134).

Knutsen (1998) also traced the movement of parties over this period, using the same survey information, but developed some alternative conclusions because he focused on all the parties in the party systems instead of only the major ones. The results were consistent with Mair's when looking at the established parties. This centrist tendency was especially pronounced among left-wing parties – 60 percent of whom had moved towards the centre (Knutsen, 1998: p.87). But offsetting this convergence, Knutsen found that the entrance of 'new politics' parties had often preserved the ideological range by becoming more firmly located on the extreme left and right (Knutsen, 1998: p.89). Overall, however, Knutsen found that more parties moved towards the centre (30 percent) than away from the centre (ibid: p.87).

A number of scholars have also carried out detailed empirical research on what different types of political parties do in government in terms of public policy outputs and economic performance, and have usually found little evidence that it
makes a substantial difference which party or parties are in government. Most famously, Richard Rose's 1980 book *Do Parties Make a Difference?*, argued that in post-war British politics, the particular political party in office made little difference to governmental performance, and whichever political party was in office, the same sort of broadly similar policies would be pursued.

and Gray's (2000) research tracing the movement in parties' ideological positions in eighteen advanced industrial countries also points to convergence. First, they tested for convergence using the manifesto content analysis methods of Klingemann et al. (1994), and found that 'the general trend for most advanced industrial democracies is for the major left and right parties, and for the party system as a whole, to display a pattern of ideological convergence over time' (Caul and Gray, 2000: pp.214-215). Within this study, Caul and Gray also tested for Wagschal's idea that the ideological diversity of entire party systems may have been broadened by the arrival of new parties onto the left and right flanks of the party system. They found that in only a few countries did the whole of the party system evolve differently to that of the two major parties.

38 Caul and Gray: ‘In a comprehensive review of the literature surrounding parties and public policy, Hofferbert and Cingranelli conclude that the last thirty-five years of research "more often than not, reinforced the cliché that "politics doesn't matter"" (1996: 594)' (Caul and Gray, 2000: p.220).

39 Rose suggested ‘it is non-partisan factors (mainly long-term secular trends) which influence the direction of the economy, not party policy' (Maor, 1997: p.211). In another example, according to Caul and Gray, ‘Thomas Cusack (1999) found that the impact of partisanship on government spending and on fiscal policy narrowed steadily after 1972.... [And] steadily into the 1990s, parties converged in the "use of fiscal policy as a partisan-based instrument" (Cusack 1999: 480)’ (Caul and Gray, 2000: p.222). Likewise, 'Boix's (1998) research indicates that the differences between left and right governments almost disappeared for both fiscal and monetary policy after 1982 (control over public deficits and interest rates, respectively). Garrett and Lange (1991) conclude that 'while the impact of partisanship of government on fiscal policy is not clear there has been a convergence in monetary policy' (Caul and Gray, 2000: p.222).

40 According to Caul and Gray, 'Both Ireland and Sweden show convergence for the two major parties, but not when the entire system is taken into account. Italy shows the opposite: the entire system showed signs of convergence, but the two major parties displayed no movement toward the centre' (Caul and Gray, 2000: p.214).
Chapter One: Literature Review and Methodology

Caul and Gray also tested for the impact of parties on public policy to see if it made a difference whether a country had a government of the left or the right. After measuring the ideological place that particular governments were situated at in their party systems, the researchers matched these against ‘six commonly used public policy and economic indicators’ that they deemed ‘the most likely to be affected by the left-right composition of government’ (Caul and Gray, 2000: p.224). They ‘found inconsistent evidence that “parties matter” in the manner expected by theory. Across the eighteen nations none of the spending or economic performance measures are strongly and generally affected by the party composition of government’ (ibid: p.228). Indeed, ‘some of the relationships are in the opposite direction to those theorized’ (ibid). Overall, Caul and Gray concluded that the party manifestos and government performances reinforced the notion that ‘politics doesn’t matter’: ‘In sum, it appears that political parties across advanced industrial democracies increasingly find it difficult to maintain distinct identities. In most countries there has been a general drift towards the centre of the left-right ideological spectrum’ (ibid: p.235).

Part Two: New Zealand Literature on Party Change

This thesis suggests that the period in New Zealand politics since the war can be broken up into three main ideological eras. The first is the immediate post-war period of the 1940s, 1950s, and 1960s, when New Zealand politics was just as affected by consensus as anywhere else. National and Labour dominated the two-party system, and were often in broad policy agreement.

41 The methodology used by Caul and Gray to measure the ideological strength of each government was to use expert classifications of parties involved in each government weighted by their share of seats. Thus ‘A completely leftist government is scored at -1.0, a pure centrist government at 0.0, and a completely rightist government at 1.0’ (ibid: p.224).

Then came a second more turbulent time in the 1970s, 1980s, and early 1990s when this postwar consensus fragmented and so did the old party system. Accompanying this breakdown were substantial falls in party membership, voter turnout, votes for the two main parties, trust in political parties, party identification, and class voting. National and Labour shifted dramatically over the political spectrum – from left to right – yet on many issues remained very close. Popular opinion and the established parties were often very far apart, and as a result new parties and a new electoral system emerged that could better accommodate public preferences. This period saw the emergence of a number of significant new parties including Values (1972), a re-invigorated Social Credit party (peaking in support in 1981), the New Zealand Party (1983), the NewLabour Party (1989), the Christian Heritage Party (1989), the Green Party (1990), the Alliance (1991), New Zealand First (1993), and then Act (1992/1994).43

A third era began during the early-to-mid 1990s when the two-party system collapsed and a centripetal logic re-entered political competition, despite the entry of a number of minor political parties into Parliament. This thesis takes the 1993 general election as a significant turning point, marking the beginning of a new era of politics and leading to the establishment of a ‘new centre’ in the political spectrum.44 This is because that election constituted a swing to the left – electing the Alliance and New Zealand First to Parliament, voting in a new proportional representation electoral system, and pulling the two major parties back from the extremes of neo-liberalism.45 At this point the ruling National Party, which suffered a large vote loss, brought its economic and social reforms to a

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43 Act started life in 1992 as the Association of Consumers and Taxpayers, and in 1994 registered as a political party.

44 It is termed a ‘new centre’ because the consensus and competitive dynamic around the centre is not a return to the old centre of pre-1984.

45 See Vowles et al., who argue ‘1993 may have been a year in which the opinion pendulum swung furthest to the left ideologically, as a reaction to nearly ten years of free market reform’ (Vowles et al., 1995: p.206).
near-halt (epitomised in the sacking of finance minister Ruth Richardson), and the Labour Party, which failed to capitalise on National's unpopularity, made a correction to its neo-liberal programme (epitomised by the replacement of leader Mike Moore by Helen Clark). Furthermore, the many new parties began to moderate their initially radical political programmes, while the party system continued to fragment and evolve during the transition to the first MMP election. Also after this point the public slowly came to accept the new political consensus. Yet most of the negative statistics that might be associated with 'party decline' persisted. This era is the main focus of this thesis. It concentrates on understanding the 'new centre' of politics and how ideological erosion and party decline have affected the political system. First, though, this next section outlines the New Zealand literature that deals with party positioning over the entire post-war period, using this three-period division.

1950s and 1960s Postwar Convergence

The New Zealand political science literature on the postwar period shows that there is no doubt that a strong policy consensus developed after the Second World War. Analysing the 1960 general election manifestos of the parties, Austin Mitchell declared that 'the steady trend to convergence of Left and Right seen in the affluent fifties had combined with the circumstances of 1960 to produce an even greater degree of similarity' (Mitchell, 1962c: p.96). He argued that the reason this occurred so easily was due to the pragmatic and opportunistic nature of the parties:

They have been able to change the more readily [sic] because neither party is anchored by the firm ideological ties of some overseas parties. Both are in the main

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46 Reviewing the postwar literature, Vowles et al. comment: 'The first generation of political scientists who studied New Zealand politics were very much struck by its consensual aspects' (Vowles et al., 1995: p.3). Likewise, 'Pragmatism prevailed, according to most authors writing of the 1950s and 1960s, as the two parties presented alternative policies within this "broad policy consensus"' (ibid: p.4).

47 Robert Chapman also argued that the two parties 'since 1946 have agreed on social and economic policy to a marked degree' (Chapman, 1999: p.59).
pragmatic, even opportunist in their policies. A political history which has lasted for just over a hundred years has provided no ideology for the party of the Right, and no institutions, other than a generalised status quo, for it to venerate (Mitchell, 1962c: p.14).

Likewise, Milne suggested in 1966 that 'the differences in the ideologies and programmes of the major parties are slight' (Milne, 1966: p.276).\textsuperscript{48} He found that even in official party constitutions there was little to distinguish Labour and National: 'There are no striking contrasts between the objects of the parties, as given in the party constitutions. The first four objects of the National Party would be acceptable to almost any New Zealander' (ibid: p.276).\textsuperscript{49}

In 1969 Mitchell also emphasised 'the increasing similarities between Labour and National', stating that Labour and National's 'political evolution has brought them closer together; jostling for safe middle ground is the essence of political conflict in New Zealand' (Mitchell, 1969a: p.140). According to Mitchell the parties were reflective of opinion rather than driving public opinion, and he thought that they were therefore 'less courageous, less anxious to endorse a cause until it has broad community support, more sensitive about popularity and less likely to undertake a missionary role of advocating new and unpopular courses' (ibid: p.310).

\textsuperscript{48} Milne noted that as evidence of the parties' convergence, each party was extraordinarily determined to keep the contents of their election manifesto secret until the election: 'Each party is mortally afraid that the other will steal its clothing, mainly because the clothing is not distinctively marked with the party's name' (Milne, 1966: p.281).

\textsuperscript{49} For a homogenous society like New Zealand, Milne suggested that there may have in fact been too much consensus. Milne explained that a consequence of the policy convergence was to push the parties into an extreme form of policy auctions and electoral bribery: 'The fact is that the New Zealand parties, since they lack any clearly thought-out body of middle-range policy, have no alternative but to offer a mixed bag of ad hoc proposals to the voter. Naturally, if the contents of the "bag" are not linked with an appeal to any great principle or cause, the voters prefer attractive items to repulsive ones. Policy then degenerates into promises' (Milne, 1966: pp.280-281).
In 1969 Keith Jackson and John Harré also argued that it made 'little difference which of the two main political parties wins an election' and that New Zealand politics was characterised by a strong pragmatism:

In practice the differences over fundamentals — whether nationalism or socialism — are so small that the lack of room for political manoeuvre has occasionally contributed to the collapse of all real opposition in the country.... It is doubtful whether the formal role of opposition in New Zealand has even been particularly effective except to provide an alternative government, and even here the pattern of change is very slow. Today the function of criticism belongs more and more to pressure groups, newspapers, radio and television commentators and it is questionable how much formal parliamentary opposition adds to this. The difference between the small one- and two-party state may be simply a question of respectability. In the land where both political parties are broadly centre of the road and interested in power rather than principles, pragmatism is king (Jackson and Harré, 1969: p.67).

Similarly, Jackson commented in 1973 that with both parties 'adopting largely status quo positions, and both aiming at broadly similar middle-of-the-road target groups of voters, there appears to be little room for manoeuvre' (Jackson, 1973: p.115). Jackson argued that 'political parties in New Zealand, particularly during the two decades of the fifties and sixties, acted in a way far removed from their origins', and he also characterised the New Zealand party system as 'static' (ibid: p.101). Five years later, John Roberts labelled this period 'the New Zealand Elizabethan era' because it was 'marked by a dominant and astonishing stability' (Roberts, 1978: p.70). He also confirmed the anti-intellectualism of the period: 'The most recent period of New Zealand history is distinguished by the almost total absence of political ideas, or definition of national goals' (ibid).

Bruce Jesson (1989) has also dealt with the ideological convergence in this era, but says it actually began in the 1930s with the establishment of New Zealand's version of the 'historic compromise' between labour and capital. He confirms that the 1950s and 1960s were a time of exceptional political stability 'with the two main political parties in agreement on the fundamentals of policy and broadly supporting the status quo' (Jesson, 1989a: pp.22-23). Geoffrey Debnam also argued this, saying that 'the period of the modern New Zealand two-party system
is generally regarded as marked by consensus rather than conflict – at least until the early 1970s' (Debnam, 1990: p.4).

Colin James (1992) uses the term ‘prosperity consensus’ to describe New Zealand’s post-war experience, regarding the similar nature of both the leading parties’ economic policy. He argues that ‘The big broad middle of New Zealand society from the 1940s, with its agreed value-system and with much to lose from change and challenge, locked in consensus’ (James, 1992a: p.238). Vowles et al. (1995) have also described the nature of the consensus as a ‘blurring of party distinctions’ due to the agreement on state intervention and control of the economy, the welfare state, and more specifically, joint commitment to ‘harmonious industrial relations based on a commitment to full employment, private enterprise,... an agrarian economy heavily reliant on trade with Britain, and foreign and defence policies which centred on the old Western alliance structure’ (Vowles et al., 1995: pp.3-4). Peter Aimer (2001) categorises the major parties of this period as of the ‘catch-all’ variety, saying they were able to ‘encompass the full range of opinions over the limited number of contentious issues, while still competing for the elusive centre of politics’ (Aimer, 2001: p.273). He also points out that consensus was not total, nor were adversarial politics absent: ‘Consensus had not meant an absence of political dispute. But it did imply that political conflict occurred over a limited range of negotiable issues. Radical social policies or economic prescriptions were exiled from the political mainland’ (ibid).

Contemporary politicians, too, have written about the age, noting the consensus that existed. According to Simon Upton, ‘The breadth of the coalitions and the overlap of some important political prejudices between parties means that policy consensus tends to prevail. From 1935 to at least 1978, there was a broad

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50 James also points out, however, that, ‘Even when, as in the 1950s, there was arguably a deep and broad popular consensus on the parameters of political debate, the system was explicitly adversarial within those limits’ (James, 1997k: p.11).
consensus' (Upton, 1993c: p.8). Such partisan acknowledgement of the postwar consensus is, however, uncommon. Within the academic and political literature, the existence of a consensus is not often accepted by partisan supporters of the National and Labour parties. Rather, they have been unwilling to accept that it made little difference as to whether their own party or their opposition was in power.

Although the parties in government during that period presided over and implemented very similar policies, at elections they still managed to appear to be distinct by putting forward manifestos and constitutions that suggested more radical action would occur. This notion is augmented by a study of election manifestos and constitutions over the 1946-1981 period by David Robertson, which suggested that on the basis of their words alone the New Zealand parties did not seem to be in consensus at all, but far apart in ideology. He concluded: 'party competition in New Zealand has been remarkably immobile. The two parties are, indeed, some distance apart, and largely static' (Robertson, 1987: p.69). Robertson believed it greatly significant that the Labour Constitution expresses a commitment to 'co-operation rather than competition', whereas the National Party emphasises 'competition and private enterprise'. Such analysis illustrates the problems with content analysis discussed earlier.

There has, in fact, been very little content analysis carried out on New Zealand party manifestos to ascertain party change.\(^5^1\) One of the few researchers to do this, Matthew Gibbons (1997), has used the content analysis methods developed by the Manifesto Research Group to measure how party positions have changed over time in his research paper entitled 'Dimensions of Competition in New Zealand Politics: 1911-1996'. The analysis produces a picture of party movement

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\(^{51}\) This lacunae is noted by Gibbons: 'Despite the central role of election manifestos in New Zealand politics there has been little systematic analysis of them using these methods... Probably the main reason there has been little analysis of New Zealand election manifestos is that they are extremely difficult to locate' (Gibbons, 1997: p.3).
which Gibbons describes as being in line with the changes in party positions found in reading secondary texts:

For instance, the graph shows Labour's move away from radical change during the late 1930s. Similarly, National's acceptance of much of the essence of Labour's policies is reflected in the way that it becomes much more moderate after 1938, before campaigning on the need to increase personal and economic freedom at the 1949 election. Although the parties are further apart than expected during the early 1950s... (Gibbons, 1997: p.17).

1970s and 1980s Divergence and Turmoil

Much of the literature about the New Zealand party system in the 1970s and 1980s paints a picture of an initially convergent, centrist, and pragmatic competition that disintegrated in the mid-1980s, eventually leading to the major political parties re-assembling close to each other on the right of the political spectrum in the late-1980s. Yet also throughout this period a full array of political tendencies was in evidence across the left-right spectrum – mainly due to the rise of minor parties – which showed that the New Zealand electorate was more divided and politically dispersed than at any other time since the 1930s.

It is an uncertain matter as to when the postwar consensus came to an end. For many commentators, the election of the Fourth Labour Government in 1984 marks the end of the postwar consensus, but the reality is that it was unravelling for at least a decade prior to this. Some commentators argue that the disappearance of consensus occurred in part with the rise of the protest movement in the late 1960s, which included and interacted with student and trade union militancy, the establishment of a 'new left', and an increasing 'postmaterialist' sentiment in society. James (1992) also views the increasing two-party swing that started occurring in the 1970s as another indication of the unravelling of the postwar settlement. Whereas throughout the 1950s and 1960s the average swing between the two major parties in elections was only 2.2 percent, in the 1970s this doubled to 4.9 percent (James, 1992a: p.237). Rising
support for Social Credit and the Values Party also suggested that voters were dissatisfied with the two mainstream parties.\(^{52}\)

It is not just in retrospective research that the 1970s mark the end of consensus – some commentators were well aware of it at the time. For instance, writing in 1978, John Roberts commented on the recent ‘sudden and dramatic collapse’ of the era of consensus (Roberts, 1978: p.72). Also indicative of a fragmenting political order, Roberts noted that ‘the figures for industrial stoppages have begun to climb steeply’ (ibid: p.92).

According to Stephen Levine and Alan McRobie, the 1981 general election could not be classified as a consensual one, but instead by a further breakdown of consensus: ‘murmurings about Tweedledee and Tweedledum were not widespread this time around. The pre-election consensus among political commentators was that New Zealand had reached a “turning point”, an historic moment at which major and durable choices were to be made’ (Levine and McRobie, 2002: p.1). Levine and McRobie believed that ‘If the 1981 general election was to serve as an occasion for historic paths to be trod, it was because the choices available seemed so diametrically opposed, each with consequences not merely far-reaching but irreversible’ (ibid, 2002: p.5).

In a number of textbook chapters, Aimer (1997; 2001) also writes about the fragmenting New Zealand party system in this period and what he calls the move to ‘moderate pluralism'.\(^{53}\) Using a framework influenced by Sartori, Aimer has argued that the fracture of the party system was due to the fact that it was

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\(^{53}\) This categorisation is based on Sartori's (1976) distinction between polarised and moderate multiparty systems: ‘In this categorisation, moderate pluralism exists in countries such as Belgium, the Netherlands and Norway where ideological differences between major parties are slight, and there is a general inclination to form coalitions and move towards the middle ground. Polarised pluralism, on the other hand, exists when more marked ideological differences separate major parties, some of which adopt an anti-system stance’ (Heywood, 1997: p.245).
becoming difficult to contain an increasingly complex and diverse electorate within two parties. Citing Sartori, Aimer argues that a two-party format could be sustained only 'when the spread of opinion is small and its distribution single peaked', and that political opinion since the 1970s 'undoubtedly became more polarised and more complex than during the preceding two decades' (Aimer, 1997b: p.190). Because this widening spread of opinion was basically still along the crucial socio-economic policy dimension, Aimer argues this eroded the theoretical conditions for two-party politics, leading to internal party tensions and the eventual emergence of splinter parties — Values to the left of Labour and the New Zealand Party to the right of National (Aimer, 2001: p.274). This, according to Aimer, provides 'a practical demonstration of the relevance of Sartori's hypothesis' that 'the greater the ideological distance, the more a two-party format is dysfunctional' (Sartori, 1990, p.192).

A small-scale expert survey on the New Zealand party system in 1982 by Castles and Mair suggested, however, that there was still only a low level of polarisation in the party system. Placing the parties on an 11-point left-right policy scale, the experts put Labour at 3.8, Social Credit at 5.6, and National at 6.0 (Castles and Mair, 1984). Thomas Brechtel and Andre Kaiser have described this as 'an unusually narrow spectrum on the left-right continuum' (Brechtel and Kaiser, 1999: pp.7-8). Brechtel and Kaiser combined Castles and Mair’s data with the parties’ share of seats in Parliament after the 1981 general election and discovered that the level of polarisation was a low 1.19 (ibid). In comparison, Brechtel and Kaiser pointed out that 'in a multi-country study on party system in Western Europe, Hazan found an overall average of 4.23 for the 1979-1989 period' (ibid).

Polarisation in the New Zealand party system during this period was somewhat greater according to Gibbons’ manifesto analysis, which showed some unexpected results for this early-1980s period:
The period where the results seem most unexpected is for National at the 1981 and 1984 elections. This is because the results show National taking a more right-wing position at the 1981 and 1984 elections, when during this period National has been perceived as increasing intervention in the economy. National’s 1981 position seems plausible, however, when it is considered how there were deep divisions within the party over economic policy. It is also important to remember that after 1981 National began to move towards more right wing policies in many areas, with health spending being cut and voluntary trade unionism being introduced. National’s even more extreme 1984 position probably reflects an attempt by the party to reduce vote loss to the New Zealand Party (Gibbons, 1997: pp.17, 18).\textsuperscript{54}

The manifesto research on New Zealand by Caul and Gray found that partisan convergence was a definite reality in the New Zealand party system. According to Caul and Gray – who used the methods of the Comparative Manifesto Project to create ideological scores for the parties – the average ideological distance in the 1950s between Labour and National, on a 0-100 left-right scale, was 32.6. Then in the 1980s the average distance had narrowed to 15.4 – a decline of 17.2 points (Caul and Gray, 2000: p.213). When including minor parties, Caul and Gray found that the ideological dispersion across the party system had an average 15.3 difference in the 1950s, compared to a 7.6 percent difference in the 1980s – a decline of 7.7 points (ibid: p.215).\textsuperscript{55}

Following the years of neo-liberal reforms by Labour and National governments, another expert survey by Huber and Inglehart (1995), conducted in early 1993, put the newly-established Alliance at 3.5 on their 11-point scale (the position previously occupied by Labour), Labour at 5.8 (in the centre), and National at 7.3 (on the moderate right). Brechtel and Kaiser again weighted these scores against parliamentary seats gained in the 1990 general election and calculated that

\textsuperscript{54} Lijphart also found that an analysis of party manifestos showed that the distance between the New Zealand political parties on the left-right spectrum was much greater than in other countries (Lijphart, 1984).

\textsuperscript{55} Caul and Gray also found that the correlation between left and right parties and their policy output was very insignificant. In terms of GDP growth it was 0.061; unemployment was 0.187; inflation was -0.144; govt spending was 0.018; and defence spending was 0.047 – all ‘insignificant correlations’ (Caul and Gray, 2000: p.227).
polarisation had decreased even further to 'an astonishingly low 0.59' (Brechtel and Kaiser, 1999: p.8).56

Similarly, where academic accounts focus only on the two major political parties in this period, they emphasise a convergence taking place.57 Such a focus is understandable in this period, as in 1987 only Labour and National were elected to Parliament, and even in 1990 only one seat was won by a third party. In contrast, accounts of the entire party system in the second-half of the 1980s and the early 1990s (therefore including parties such as the Alliance and New Zealand First) emphasise polarisation, radical party programmes, the lack of a wider consensus, and the more salient ideological dimension of the parties. But the mechanics of the FPTP electoral system meant that National and Labour totally dominated Parliament, and most writers therefore drew attention to the ideological competition of those two parties. For example, Jane Kelsey argues that a new consensus developed in this period with Labour and National repositioning themselves within the new neo-liberal status quo: 'National and Labour had repositioned themselves within its bounds, offering variations in form and detail but skirting around the internationalised market-driven economy' (Kelsey, 1995: p.316). But as far as Kelsey – and most of New Zealand society – is concerned, this was a radical two-party consensus rather than a centrist consensus.58 It was this convergence in support of neo-liberal economic reforms, according to Vowles et al. that planted the seeds of public discontent that

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56 Arguably Brechtel and Kaiser should have either combined Huber and Inglehart's 1993 survey data with the parties' votes received in the 1993 general election or used votes received instead of seats. This would have shown a much greater level of polarisation – which would be in line with the secondary political science literature. Instead Brechtel and Kaiser have explained that 'This declining level of polarisation since 1981 is mainly due to the fact that National's share of seats was at an extraordinarily high 69 per cent in the 1990 election' - At this election, National won 67 seats, Labour 29 seats, and the Alliance (then NewLabour) won one seat (Brechtel and Kaiser, 1999: p.8).

57 According to McRobie, 'National's policies were in reality very little different from Labour's' (McRobie, 1990: p.16).

58 See also: Jesson (1990e: p.146).
culminated in the 1993 electoral system reform (Vowles et al., 1995: chapter eleven).

Jesson also argued that the two main parties had converged in a far-right consensus: 'If National and Labour seemed indistinguishable in the 1960s when they were parties of the centre, they are scarcely visible in the 1990s as they disappear off the political spectrum on the far Right' (Jesson, 1990e: p.146). Regarding Francis Fukuyama's theory that Western society had reached some sort of non-political 'end of history', Jesson pointed out that 'New Zealand is the place where the thesis seems most apposite' (Jesson, 1990c: p.139). Levine and McRobie also proclaimed a new consensus, saying that 'Where National and Labour have differed, from 1990 onwards, has been over details; in their rhetoric; and on policies (in defence and foreign affairs, for instance, and over Maori issues) distinct from more straightforward questions of economic management and the role of the state' (Levine and McRobie, 2002: p.188). James agreed that a consensus had developed between the two main parties, and that this was a consensus only upheld by the political and business elite, having 'little support among ordinary folk' (James, 2000e). This policy consensus between Labour and National was detailed in James' 1993 book New Territory.

there is now a degree of consensus between Labour and National in most policy areas – by which is meant not actual agreement on policy positions, but agreement where the boundaries of the debate lie and agreement that those boundaries are relatively narrowly drawn. There is still a considerable difference over industrial relations, social services and income maintenance policy, but in most areas the difference is relatively small (James, 1993j: p.140).59

59 James discusses the new policy consensus in detail: 'The debate on economic policy has become less ideological and more pragmatic as the issues in dispute have changed in nature from those of radical restructuring to those of improving the workability of the new arrangements, as the National Party's instinct for "private", as distinct from "free", enterprise reasserts itself as a determinant of policy... as there is, in common with governments elsewhere, a resurgence of interest in the appropriate positive role for the state in business and the economy at both the micro and macro levels and as outcomes... have begun to indicate that there is a basis for economic growth. The upshot is not unfettered free markets, much as socialists like to paint it so. The economic policy consensus that is emerging is for a much greater reliance on markets as
According to James, the consensus did not, however, encompass the minor parties:

there are considerable differences between the big two and the other parties. All minor parties oppose the Reserve Bank Act and the policy constraints it imposes, for example, and dispute much of the evidence of constraints on greater use of fiscal policy to stimulate economic growth to get jobs faster. There are fundamental differences on tax policy (James, 1993: p.140).

Therefore he painted a picture of a diverse party system existing prior to 1993:

The main constituents of the Alliance are to the 'left' of Labour; Christian Heritage is considerably to the 'right' of National and New Zealand First is off to one side; in terms of economic policy it is to the 'left' of Labour and National and in immigration and what might be termed 'societal' policy it is to the 'right' of National (James, 1993: p.140).

Other academics who identified the consensus in the late 1980s include Antony Wood, who argued that New Zealand politics was, despite appearance, relatively centripetal:

while the parties offer a real choice to the electors, they nonetheless do not endeavour to push the cleavage of New Zealand politics to extremes.... Both parties, then, seek the middle ground and while the rhetoric of New Zealand politics is that of confrontation, the practice tends to involve consensus. This would explain why elections may be times for party competition and two-party division but, parliamentary activities apart, New Zealand government is characterised by conciliation, discussion, and absence of the pursuit of partisanship (Wood, 1988: p.72).

According to the literature, therefore, between 1970 and 1993 there was a disruption to the postwar consensus, producing a fragmenting and divergent party system. During this time the two major parties also diverged from the policy consensus, and set about establishing a new policy consensus, albeit one that was relatively unpopular with the public and not shared by the other political parties. Few commentators saw the party system in this period as being strongly

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a mechanism for allocating resources and distributing outcomes, but, after the rebalancing has worked through by the mid-1990s, a fair lashing of state intervention' (James, 1992a: pp.312-313).
characterised by either centripetal competition or a decline in the ideological nature of parties. Hence, ideological erosion did not characterise the system.

1990s Convergence

Few of the writers dealing with the ideological changes in the party system since 1993, have identified the ideological convergence and emergence of a new consensus. During the 1990s few other political commentators or academics appeared to be interested in the phenomenon, although since 1999 there has been a slowly growing acceptance that some sort of convergence has been occurring. The media commentators who have been most ready to acknowledge the convergence are Colin James, Bruce Jesson and Jeff Gamlin. Academics who have sometimes dealt with it include Peter Aimer, Tim Bale, Jane Kelsey, and Raymond Miller.

By 1995, even after Clark had replaced Moore as Opposition leader, James believed Labour and National were ideologically closer than ever: ‘Labour MPs are in many respects in their official policy now as close to the National position as Labour has ever been, even taking into account the great consensus years of the 1950s and 1960s’ (James, 1995b: p.13). James (2001) believes that the decline in party memberships together with ‘the fragmentation and increasing complexity of society, has encouraged the development of “catch-all” parties, and weakened the ideology of other parties as they have sought to appeal to a wider span of social opinion to maintain vote share’ (James, 2001a: p.201). James has also argued that the elite consensus of the 1980s spread in the 1990s into one enveloping ordinary voters – ‘Now instead voters seem to have settled into a mixture of resignation and realism: a negative consensus, you might say’ (James, 2000e).

Gamlin has consistently argued in the National Business Review that MMP is a centripetal electoral system, and that consequently political success is found by
parties that strongly contest the middle ground of politics. He has explained the popularity of the Labour Party since the late-1990s by its prowess at controlling the centre of politics in New Zealand.\(^\text{60}\) Gamlin has also written at great length about the pragmatic nature of parliamentary politics since the mid-1990s,\(^\text{61}\) highlighted the decreasing differences between the major parties and minor parties, and drawn attention to the declining ideological nature of political issues.\(^\text{62}\) He has also argued that recent elections have been relatively non-ideological.\(^\text{63}\)

Jesson also found the continuing catch-all nature of the parties under MMP disappointing, and emphasised the limited amount of change in the party system:

> The trouble is that we are going into the first MMP election with basically the same four contenders we had last time: National, Labour, the Alliance and New Zealand First. I don't believe this line-up is appropriate to the new situation. Logically, there should have been a regroupment of the parties during the past three years, but this hasn't happened. First past the post electoral systems foster broad spectrum parties which are a coalition of interests.... What MMP should produce, however, are parties with a more clearly defined focus than we have now.... Instead, what we have at the moment are four broad spectrum parties, each containing several points of view (Jesson, 1996e: p.125).

While Aimer argued that in the 1980s 'the extended ideological distance between the radical free-market and radical interventionist ends of the socioeconomic policy dimension fractured the existing two-party structure into four, producing satellite parties beside the stellar components of National and Labour' he believed that the situation had changed again in the 1990s (Aimer, 2001: p.274). In 2001 Aimer asserted that the ideological distance along the socioeconomic issue dimension of society has been shortening since the early-1990s, when the pace of neo-liberal reforms slowed. Using Sartori's theory, Aimer expected more centripetal competition in the party system:

\(^{60}\) See: Gamlin (2002b).
\(^{61}\) See: Gamlin (2001a).
\(^{63}\) See: Gamlin (1999g; 1999h).
inhibiting the development of multi-party politics is the diminishing polarisation along
the socioeconomic dimension of politics, as people have shown that they reject the
extremes of economic liberalisation and state interventionism. The major political
parties have responded to this by resuming their competition for the political centre

Other academics who have explained ideological convergence amongst the
political parties since the early 1990s include Tim Bale, who has often
concentrated on the parallels between European convergence and what is
happening in New Zealand. He believes National and Labour have jettisoned
their traditional differences:

Sure, there are differences between centre-right and the centre-left in New Zealand. But
they are not that big, at least not where it really counts when it comes to most people
making up their mind who to vote for – economic management and the quality and extent of
public services. Centrist pragmatism is a virtue claimed by both Helen Clark and Bill
English. So it is hard to believe that, faced with similar challenges, their policy responses
would be ‘typically Labour’ or ‘characteristically National’ – especially when they may have
to rely on other parties to push them through Parliament (Bale, 2002c).

Raymond Miller has also found party ideology in the 1990s to be affected by
centrism and pragmatism. For example, Miller has critiqued modern campaign
techniques, arguing that 1999’s election battle was particularly centrist and
ideologically empty. In his 2001 textbook chapter on ‘Labour’, Miller explores the
oligarchic and moderate nature of that party. In other writings, he has also
characterised breakaway parties like United as having ‘no clear sense of
direction, let alone policies’ while their ‘motivations were primarily opportunistic
and tactical’ (Miller, 1997a: p.38). Miller also characterised such parties as being
‘creations of Parliament, not the voting public, having been formed by and largely
in the interests of professional politicians’, and that ‘Instead of developing an
ideology or nurturing a constituency’ the primary function of such parties ‘is to
device strategies to maximise their parliamentary influence’ (ibid: pp.38-39).
Miller saw the major parties as re-asserting their catch-all tendencies after 1993:
‘In the transition to MMP, both major parties attempted to choke off potential
support for new and more established minor parties by appealing to a broad
cross-section of voters' (ibid: p.40). He believed that Labour was continuing to converge with National on economic policy (‘continuing to endorse the main elements of Rogernomics’) while diverging with National on social policy but resisting ‘any pressure to return to the left’ (ibid: pp.40, 42). Likewise, Miller says that ‘after 1993 National adopted some of the characteristics of the catch-all party, with the Prime Minister promising an inclusive, consultative and constructive style of government. Over the next three years, the party adopted a more measured and moderate approach to reform’ (ibid: p.41). This catch-all approach was, according to Miller, an attempt to thwart the ability of small parties to cut out their voter niches.64

Kelsey’s 2002 book, At the Crossroads, elaborated on the Labour Party’s continued adherence to the neo-liberal framework, saying that ‘the fifth Labour Government and its coalition partner have consolidated the economic restructuring that the fourth Labour Government began in 1984’ (Kelsey, 2002: pp.49-50). She confirms that the continuing ideological convergence of the National and Labour is based on a small shift away from neo-liberalism by both parties: ‘In an economic policy sense, the two major parties that have dominated this country’s political history are again converging, this time within the parameters of a global market-driven economy, in which both offer slightly more regulation and promise a more human face’ (ibid: pp.49-50). Kelsey also argues that the political party that had been most outside of the new consensus – the Alliance – then partially joined it in the late 1990s. Elsewhere she also argues that ‘The re-emergence of party differences in the 1990s created an illusion of political choice while stabilising the change’ (Kelsey, 1995: p.316).

Gibbons’ (1997) analysis of manifestos has little to say about whether the party system since 1993 has been subject to centripetal or centrifugal forces in the 1980s and 1990s. But his content analysis suggests that in the 1993 and 1996

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64 Perhaps contradictorily, Miller also labels this a centrifugal strategy and suggests that ‘the two major parties remained resolutely ideological’ (Miller, 1997a: p.41).
elections National took 'a very moderate policy stance. It also shows that in 1993 New Zealand First was ideologically very close to National, but that in 1996 it attempted to position itself more towards the centre of the political spectrum' (Gibbons, 1997: p.18). Gibbons also found that between 1993 and 1996 Labour moved substantially back to the left. This was not entirely consistent with the findings of Fiona Barker (1998) in her MA thesis, 'Party Policy Positioning: The New Zealand Labour Party in Opposition 1990-1996'. In her analysis of Labour Party manifesto policy, public statements of Labour MPs and interviews with politicians, Barker found that although Helen Clark's leadership coup of 1993 'enabled Labour to project a stronger image as a centre-left social democratic party, its policy detail underwent less change and appeared to still make appeals at both philosophical ends of its support base' (Barker, 1998: pp.125-126). Her analysis indicated that under Clark, 'much of its economic policy still resembled the programme implemented by the Fourth Labour Government' (ibid: p.136). Nonetheless, most writers have suggested that some sort of 'correction' was made to Labour's neo-liberal economic framework and in general the party repositioned itself away from the right-wing ground it had been associated with. Thus, a number of researchers have contributed to the idea that some sort of new political consensus or convergence has been developing since the early 1990s.

Yet there are some academics who have argued that polarisation in the party system has actually increased since 1993. Jackson and McRobie (1998) have been inclined to see a 'move away from "catch-all" type parties... to what might be dubbed "niche-market types" and 'a return to an emphasis upon principles by political parties' and have speculated that this might produce a reversal of the decline of mass parties (Jackson and McRobie, 1998: p.326). Such predictions correspond with other nations' experiences with proportional representation. The literature on proportional representation suggests that a multi-party system sees
parties adopt niche positions. The candidate survey research of Banducci and Karp (1998) also suggested centrifugal competition in the mid-1990s. They compared average candidate and voter positions at the 1996 general election and found increased polarisation:

The parties for which there are comparable data show that, on average, party candidates have moved to more extreme positions in 1996. For example, National and New Zealand First average candidates have moved to the right, while Alliance and Labour average candidates moved to the left; these shifts are primarily due to changes in positions on privatisation and regulation (Banducci and Karp, 1998: p.150).

However, Banducci and Karp also stated that in terms of 'new politics' there was a uniform shift by parties to more socially liberal positions: 'Instead of the parties moving toward the ends of the political spectrum – the liberal side becoming more liberal and the conservative side more conservative – all parties have shifted in a liberal direction' (Banducci and Karp, 1998: p.150).

In another study based on the 1996 election, Brechtel and Kaiser (1999) carried out a survey of experts which concluded that the party system was now characterised by polarisation:

We now see a party system with two pronounced polar parties, the Alliance in the first quintile representing the extreme left, and Act in the fifth quintile representing the extreme right. Both major parties of the past are located in the moderate quintiles, Labour in the second quintile representing the moderate left and National in the fourth quintile representing the moderate right. However, both Labour with a mean of 4.6 and National with a mean of 7.3 are placed near the centre. Two parties are located in the centre, i.e. the shaded area of the third quintile ranging from 5.0 to 6.9: New Zealand First and United (Brechtel and Kaiser, 1999: p.9).

Surprisingly, the survey showed that polarisation had actually increased rather than reduced since the early 1990s. Three years after Huber and Inglehart's...
expert survey produced a low polarisation level of 0.59 (based on their 1993 survey combined with the 1990 distribution of seats), Brechtel and Kaiser's 1996 survey found a polarisation level of 3.41, which they noted was 'considerably higher than in the early 1980s and early 1990s' (Brechtel and Kaiser, 1999: p.9). The result is surprising, and even Brechtel and Kaiser sound seemingly in contradiction when they comment on this increased polarisation, by noting that 'the party system exhibits low polarisation, because the two largest parties, Labour and National, although to the moderate left and right of the centre, are clearly centre-oriented' (ibid: p.25).

As explained earlier, these weighted polarisation calculations are based upon the distribution of parliamentary seats across the political spectrum rather than actual popular support. The greater the number of MPs from parties outside of the ideological centre, the greater the polarisation score. Therefore it was almost inevitable that the figure of polarisation was going to expand under proportional representation, entirely due to mechanical changes in the electoral rules that meant a greater proportion of seats would go to minor parties (who were often outside of the centre). Indeed, a lower and more useful polarisation figure would have resulted from using party votes in the calculation instead of seats, which would be more appropriate to bridge the change in electoral system. Under Brechtel and Kaiser's schema for measuring polarisation it is therefore entirely conceivable that the political parties in Parliament might have all moved closer to the political centre, but because the parties to the left and right of the two major parties gained more MPs due to a change in the electoral system, this increased Brechtel and Kaiser's polarisation value. Their conclusion that the ideological polarisation of the parties has increased since the 1990-93 period can thus be challenged. After all, as a result of the survey, Brechtel and Kaiser labelled the

66 An example to illustrate this is the left-of-Labour Alliance party, which went from having only one seat in 1990 to 13 seats in 1996, contributing to Brechtel and Kaiser's measure of polarisation dramatically increasing. However, in the same period, the Alliance (combining the 1990 parties of the NLP, Greens, and Democrats) went from 14 percent of the vote to only ten percent of the vote (to say nothing of their substantial moderation in policy – especially after 1993), which actually suggests convergence occurring.
Alliance an 'extreme left' party and Act an 'extreme right' party – a classification that is not consistent with either academic or media analysis of those parties in the mid-1990s.\textsuperscript{67}

The judgement of the experts in the Brechtel and Kaiser survey may also be challenged. It is possible that academics might have exaggerated the polarisation of the party system in the post-1993 period. The academics surveyed possibly made the assumption that a fragmenting party system and the introduction of proportional representation almost inevitably leads to a more polarised party system. Certainly the pre-1996 literature produced by political commentators and academics clearly expected that under the shift to MMP there would be a greater success for minor parties and greater divergence of policy.\textsuperscript{68} It is possible that because this was supposed to happen, many survey participants made ‘expert judgments’ that this had actually happened. Such predictions are part of a large party literature, which includes the theories of Downs.\textsuperscript{69} But this thesis does not argue that the policy convergence has occurred \textit{because} of the change to MMP, but that it has happened \textit{despite} the change in electoral system. It seems that the change in electoral rules has indeed made polarisation and diverse policy points of view more likely, but that this centrifugal pressure has been outweighed by other forces of moderation and pragmatism. So while the change to MMP has contributed to party fragmentation and greater competition for votes, there is reason to doubt that it has led to greater policy divergence. The most significant changes in the party system were already occurring before the vote for MMP in 1993. In fact the post-1993 fracturing of the old parties has not fostered any new

\textsuperscript{67} See: Trotter (2001a), Jesson (1997b), and Aimer and Miller (2002; p.12).

\textsuperscript{68} For example, Banducci and Karp have argued that under the rules of MMP, parties are less inclined to appeal to a wide group of voters and this allows them to be more ideologically pure or non-centrist: ‘in a multi-party system, rather than converging toward the median voter, parties will strive to distinguish themselves on ideological and policy matters.... This strategy will have the effect of appealing to the full spectrum of interests in the electorate rather than simply the median voter. A transition to proportional representation should result in a more diverse offering of parties competing for representation’ (Banducci and Karp, 1998: p.142).

\textsuperscript{69} See Chapter Three (Part One).
diversity of political viewpoints and ideological perspectives. If anything, the fractionalisation has made for an even greater emphasis on issueless politics and candidate-centred campaigning. Elections under proportional representation supposedly provide democratic heterodoxy through increased competition but, following electoral reform, New Zealand has only seen a competition for orthodoxy. It seems that in politics, as in economics, competition is rarely a safeguard against monopoly and seldom a guarantee that the competitors will offer the consumer a substantive choice.

Part Three: Methodology and Research Methods

The previous sections discussed the questions that drive this thesis, and how this research is situated within the international and New Zealand literature about parties. This next section provides a reflection on the processes of the research. The decisions on research design are explained, and more generally a ‘research biography’ is articulated.

The genesis of this topic came out of growing up during a turbulent time in party politics. I started following and trying to make sense of New Zealand politics in the mid-1980s, which coincided with the commencement of a remarkable period of tremendous political change. While critical of much of this change, at the same time I found it fascinating. In this sense nothing about my approach has changed – I remain a critic of the dominant politics of the last two decades, but continue to be interested in any opinion and analysis on the subject.

An eclectic mix of academic theory has been utilised in writing this thesis. Theory from all shades of political opinion has been utilised, and the result is a thesis that should not look like it is embedded in any one particular theoretical framework. Similarly, this thesis is neither a classical sociology or political science thesis, but a political sociology thesis. While undertaken in the discipline
of sociology, it deals with a subject that is normally studied within political science. One central theme of this methodology is a critical approach to the subject. This is in line with Evert Vedung, who has argued that 'One key task of political science is to criticise other political science and political conceptions in general' (Vedung, 1982: p.3). This thesis is therefore deliberately critical of existing political parties, it is critical of the institutions that they interact with (such as Parliament, the Electoral Commission, interest groups), and it is critical of the existing literature on party politics in New Zealand. This critical approach does not emerge out of a desire to criticise, but from the belief that all institutions – and particularly those that play a role in administering society – should be subject to rigorous evaluation. Likewise, because sociology should be concerned with understanding the difference between how society is said to work and how it really works, this thesis is written from the point of view that it is important to explore what lies beneath the surface reality of politics. Some of the myths about New Zealand party politics relate to deception and what political parties would have society believe. This thesis takes a critical approach to such claims, and therefore represents a critique of all contemporary New Zealand political parties and the party system.

In 1995 I wrote a research paper on the NewLabour Party (NLP). This was an analysis of the ideological and organisational evolution of the party in the first six years of its existence. It was a critical account which argued that the NLP began as a radical ideological and organisational reaction to the reforms of the Labour Party in the 1980s, but that it had rapidly transformed into a more moderate party with a bureaucratic and authoritarian modus operandi. In many ways, this PhD is a continuation of that research – it extends this examination of the NLP to the whole party system. My fascination with the way that the ideologies of the parties change (or remain the same), and the way that the parties operate has continued. The research for this thesis has therefore always had this dual focus on both party ideology and party organisation.
The original research focus of this PhD has, however, changed somewhat since I started. Initially, I defined my research as studying 'party change in New Zealand since 1984'. I wanted to explore how party politics had changed so dramatically from what it was in 1984 when I first started following politics (and the landmark election of the Fourth Labour Government), to what it became in the late 1990s. Initially I defined the late-1990s state of politics by what I saw as a substantial move to the right – the party system had been radicalised by neo-liberal economic and social reforms. Part of this belief related to the fact that I disputed that the ostensibly left-wing parties (the Alliance and the Labour Party) represented any sort of genuine left-wing radicalism. It seemed that the Labour Party had lurched substantially to the right in the 1980s and during the 1990s had remained in this location. National then moved even further to the right. The new, minor parties that had been established were also following this trajectory. The NLP had moved rightwards in its early years, and its amalgamation into the Alliance represented an even greater moderation. The New Zealand First party had also shifted to the right when it ditched its more anti-establishment and anti-neo-liberal economic policies in the lead-up to the 1996 election. Moreover, the Act and Christian Heritage parties were the epitome of the right-wing radicalisation of New Zealand politics. Other less successful minor parties appeared to be of a conservative nature as well.

I wanted to be able to document and analyse this phenomenon. As a first task, I started writing thick-descriptive histories of each of the political parties in Parliament. The justification for this was that by writing so early in the thesis, this project would open up some ways into the issues surrounding political party change, and also eventually provide material for the thesis. My basic hypothesis for this project was that these histories would show the extreme nature of the New Zealand parties. During this time I was struck that few commentators and academics were supplying adequate and detailed explanations and documentations of the changes in party politics. Even at a basic level, no-one was writing the histories of the parties. I searched for party histories and found
that few existed.\textsuperscript{70} The histories that I was writing appeared to be unique for this reason.

In writing these histories I was also struck by the lack of attention that academics and journalists had paid to the \textit{general} subject of political parties in New Zealand. Nearly all the main issues and areas that make up the topic of political parties – apart from those relating to elections and voting – had not been recently covered in any real depth. There had been only limited research about class and party in New Zealand, and nothing that gave any sort of overview of the modern social bases of support for the parties.\textsuperscript{71} When it came to the relationship between New Zealand parties and interest groups, I found that no-one had written specifically on this topic.\textsuperscript{72} Likewise, there was virtually nothing written about party membership numbers in New Zealand.\textsuperscript{73} There had been little attention paid to extra-parliamentary organisations with a view to applying recent international theory about them.\textsuperscript{74} The financial resources of parties had also not been researched in New Zealand.\textsuperscript{75} When I investigated this topic I also found that the financial resources that the state provides were becoming a considerable source

\textsuperscript{70} For books on the history of the National Party see Gustafson (1986). For the Labour Party, see: Brown (1962), and more recently, Jesson (1989) and Sheppard (1999). For the Democratic Party (then Social Credit), see: Sheppard (1981) and Zavos (1981). For the New Zealand Party, see: Grierson (1985). For New Zealand First, see: Hames (1995). There have been no books published about the histories of Act, the Alliance, United Future, or the Green Party.

\textsuperscript{71} The research of Vowles has been the most important. In particular, see: Vowles (1992c). However most of the research on social structure and party has dealt with particular elections rather than any overview and study of the on-going relationships.

\textsuperscript{72} As Vowles has written: 'The relationship between membership of single-issue groups and that of political parties is, like many other aspects of political sociology in New Zealand, under-researched' (Vowles, 1998a: p.14). Some political scientists have written about particular interest group-party relations, but only looking at individual cases.

\textsuperscript{73} The most useful existing account of party membership can be found in Vowles (2002b), which summarises the current state of the membership numbers in four paragraphs. Other political scientists have given very short summaries of membership numbers in textbook chapters.

\textsuperscript{74} The best accounts are Gustafson (1993), and Vowles (2002b),

\textsuperscript{75} Milne (1966) provides the best existing account, but this is now out of date. See also: Vowles (2002b) for a short summary of party income and expenditure.
of strength for the parties in Parliament, yet little research appeared to have been carried out on this.\textsuperscript{76} The other side of the coin is the regulation of parties by the state, which has also been increasing in very recent years, but which has escaped evaluation by academics.\textsuperscript{77} Likewise, little had been published on anti-partyism in New Zealand – which I began to see as a significant phenomenon in New Zealand.\textsuperscript{78} When I looked at the political marketing and campaigning techniques of the parties, I found more research, but there were still no substantial chapters or articles on this topic – apart from ones that dealt with particular aspects or particular campaigns.\textsuperscript{79}

Soon after starting writing the party histories, I began to conceptualise the changes in politics differently, disproving my original hypothesis. Researching the recent histories of both the Act and National parties I found that in policy terms these parties had actually retreated substantially from their more radical political positions of the early 1990s. Furthermore, when I started to draw all the material together and track the ideological changes of all the parties it became obvious to me that they were wishing to \textit{de-emphasise} their ideological component and emphasise their consensus-orientation, their centrism, and their lack of extremism. Some sort of ‘new centre’ in politics appeared to be forming. The centre marker in the left-right party system had merely been moved, and I

\textsuperscript{76} The most comprehensive investigation of state funding was by Klinkum (2000), who examined New Zealand’s parliamentary research units.

\textsuperscript{77} The main publishing on state regulations come from those that do the regulating: Paul Harris (1987; 1997a; 1997b), the Electoral Commission (1996; 1997; 1999), the Electoral Law Commission (1998). There has been some academic comment about regulations in chapters, articles and books on broader topics, such as Vowles (2002b), Palmer (1992), Wilson (1998), James (1998a), Jackson and McRobie (1998), and McRobie (1995).

\textsuperscript{78} The most substantial work on anti-partyism in New Zealand only appeared in 2002 – by Bale and Roberts. There has also been reasonable interest in some of the aspects of anti-partyism such as declining party identification and declining trust in parties. The best of these include: Vowles (2002b), Vowles et al. (1995), Banducci and Karp (1997), and Mulgan (1997).

noticed parties from across the political spectrum were now mostly moving towards it rather than away from it.

Looking to the existing New Zealand literature on political parties I found that no political commentators or academics were drawing attention to these trends either. In fact it was quite the opposite – there seemed to be a received wisdom that was prone to labelling the parties as highly-ideological and extreme or radical. It was as if such a scenario was a better and easier story to tell than that of ideological erosion. After many years of dramatic and often radical ideological change, people were ready to believe such a trend was continuing beyond 1993. In addition, the participants in the party system appeared to be colluding in this story of ideological extremity and polarisation. Their main criticism of other parties was that they were outside the new consensus. Furthermore, the introduction of MMP – and the supposed rules about proportional representation systems – encouraged commentators to believe that parties were increasingly characterised as ideological, niche parties controlled by ‘true believers’. Many of my own preconceptions about how politics worked were similar to those of the commentators, and were thus being challenged by my writing of the party histories. For example, the Downsian idea that political parties were motivated by office-seeking behaviour had always been one that I disagreed with, but increasingly I started to accept this approach as relevant. Similarly, I had always understood party politics as some sort of ‘democratic expression of the class struggle’ (Lipset, 1963: p.230), yet the more I studied the parties, the less this made sense. This discovery was not in any way a repudiation of the existence of class in New Zealand society or of the usefulness of class analysis – but it did seem clear that class politics were increasingly less represented by the struggle between political parties.

Looking to the contemporary academic literature for explanations for this shift towards a new centre, yielded little. The most obvious guide to this phenomenon seemed to be debates and theories on ‘the end of ideology’ that occurred in the
1950s and 1960s. I studied this era and these debates. I then wrote an academic paper for the 1997 conference of the Australasian Political Science Association, entitled 'The Decline and Exhaustion of New Zealand Party Politics'. This paper was an early development of the idea that a 'rush to the centre' was occurring, and it linked this to a more general 'party decline' thesis. This theme of decline was evident in a number of aspects of modern political parties that interested me: the principles of the parties were increasingly being usurped by pragmatism (as examined in Chapter Three), the class basis of the party system has been eroding (Chapter Four), links with interest groups were eroding (Chapter Five), party membership numbers were dropping (Chapter Six), the traditional sources of party finance were drying up (Chapter Seven), and the public was increasingly unattached, disinterested, and even hostile towards parties (Chapter Ten). This trend linked up with international literature that I was beginning to read that was specifically on 'the decline of party'.

Where any New Zealand research or writing did exist on all of these issues, it appeared to be too old to still be relevant. And just as the received wisdoms about modern political parties labelled them as doctrinaire and often extreme (as discussed in Chapter Three), I also observed that many journalists – and sometimes academics – were repeating myths about the other areas of party politics in New Zealand. For example, on the topic of the social support of the parties (Chapter Four), they said that Labour is dependent on its traditional working class support, while National receives its vote from the middle class and rural dwellers. In terms of organisational linkages (Chapter Five), many suggested that Labour is closely aligned to the trade union movement while

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80 However in Britain there were varieties of thought that argued that some sort of shift to the centre was occurring in British politics. One exponent of this was Prof. Frank Furedi, a sociologist at the University of Kent.

National is influenced by close links with business and farmer organisations. In issues of party organisation (Chapter Six), the traditional model of the class mass party (and relationship between the parliamentary and extra-parliamentary organisation) still drove writings about the parties. On the issue of party finance (Chapter Seven) many writers still thought that parties operated on small scale fundraising, membership fees, and donations from big business. In terms of state funding of parties (Chapter Eight), most writers considered that New Zealand has only an insubstantial form of such funding. Similarly, in regard to the regulation of parties (Chapter Nine), there was little recognition that so much had changed.

It appeared that the lacunae in the literature could be filled by effectively producing a revised analysis of the general topic of political parties in New Zealand. Therefore although the initial thesis topic was already very wide in focus, it now became even wider. Essentially the research had taken on at least four different goals: (1) examining ideological convergence, (2) examining party decline, (3) updating the literature about New Zealand parties, and (4) challenging the assumptions and myths about the modern nature of parties. This approach meant the thesis initially became far too broad. In terms of research materials it meant gathering everything available on all of these issues. Considerable effort was spent locating all the newspaper articles, journal articles, chapters, and books that pertained to New Zealand political parties, and then taking notes on the aspects in these that were relevant to the study. These were gathered from various libraries and personal collections, including university libraries, the Parliamentary Library, the Radio New Zealand Library and the National Library. As internet databases become more advanced, these too were examined for specific information relating to New Zealand parties.


For example, see: Vowles (1998c), in which state funding in New Zealand is described as 'modest'. See also: Johns (1999), and Revington (2002).

For example: Henderson and Bellamy (2002: p.60).
The secondary material on political parties available in the mass media is voluminous, as newspapers and magazines utilise a large number of journalists to research New Zealand politics. Hence there are numerous interviews with politicians in the media. Likewise, there have been numerous academic theses that have interviewed politicians about political events in the 1980s and 1990s. It therefore seemed obvious that there was little need to replicate those interviews – which might only waste the time of both politicians and myself – when I could more easily make use of the opinions and facts that had already been uncovered by other researchers and journalists. My bibliography therefore evolved towards a comprehensive list of all that had been written about political parties in New Zealand. In addition I was able to locate a number of internal and public party documents that have been useful in building up a picture of how the parties operate.

Because my data collection has been so wide and in-depth, I created a Microsoft Access computer bibliographic database for storing my notes. In all, over 3500 documents were entered into the database. Most of these represent hard copy documents, and I have typed out relevant notes from those documents. More recently, as the internet has become a bigger source for news and articles, I have been able to cut and paste material from various electronic articles. In total, the database contains nearly a million words and 1,050 authors. Of the 3500 records, about 2700 are from New Zealand sources, with the remaining 800 being journal articles, newspaper articles, books published outside of New Zealand and not directly relating to party politics in this country.

This rich information represented countless hours of research by other journalists and researchers into political parties. The in-depth nature of the projects and chapters that I have written while producing this PhD owes a great deal to the work of these people who have interviewed great numbers of politicians and officials, and spent considerable effort in analysing politics in New Zealand. Most
notable are political commentators Colin James (300 records in the database), Chris Trotter (267), Bruce Jesson (80), Jeff Gamlin (46), and Gordon Campbell (35). I have also been reliant on the daily news reporting of journalists like Ruth Laugesen (46), David McLoughlin (45), Jane Clifton (41), Audrey Young (40), Oliver Riddell (35), Brent Edwards (33), Vernon Small (31), Nick Venter (31), Graeme Speden (31), Peter Luke (24), Helen Bain (21), and the New Zealand Press Association (80). In terms of academic research, a great deal of information has been amassed from the work of Jack Vowles (40), Stephen Levine (25), Nigel Roberts (23), Elizabeth McLeay (18), Barry Gustafson (17), Jonathan Boston (17), Peter Aimer (16), Raymond Miller (14), and Alan McRobie (14), amongst many others.\textsuperscript{85}

All of the chapters were written to encapsulate the four aims mentioned previously, which unfortunately made the chapters unwieldy, unfocused and over-length. It eventually became obvious that the chapters could be narrowed down by concentrating on my original issue: ideological change, and more specifically, 'ideological erosion'. This focus actually also fitted with the other issues that I wanted to investigate – by putting the focus on 'ideological erosion' I was able to also look at the many different elements of party decline and show how they related to this ideological convergence and decline. The first two chapters that together make up section one on 'Ideology in the Party System', have evolved out of the initial ideological histories written about the parties.\textsuperscript{86} The other topic areas relevant to the thesis evolved logically into their own chapters.

\textsuperscript{85} This database archive has proved invaluable in managing data. By being able to attach a number of keywords to each document record, the database allowed the logical retrieval of information for writing the chapters. In all, 301 different keywords were assigned to the records. These were arranged and coded in a logical way that related to the thesis chapters.

\textsuperscript{86} In one sense these chapters have been compiled as a literature review of the ideological histories of the parties. According to Laver and Schofield, 'One way of deriving expert judgements of party positions is on the basis of a good old-fashioned literature review. The researcher dives into the literature on a particular political system and eventually emerges clutching a picture of its policy space, drawn on the basis of a more or less systematic sifting of data and opinions culled from a range of published sources' (Laver and Schofield, 1990: p.51).
The general approach taken has been to break down the institution of the party and the party system into its separate examinable relationships. This has allowed the thesis to trace the linkages between parties and other relevant actors and institutions. Through this 'relationship-focused' method the thesis attempts to ascertain the nature of relationships firstly, between parties and society, and secondly, between parties and the state. It attempts to show how modern political parties now position themselves. Therefore, the first section of the thesis (chapters Two and Three) deals with the relationship of parties to ideology and policy. The second section (chapters Four and Five) deals with the relationship of the parties to civil society support bases. The third section (chapters Six and Seven) deals with internal organisational relationships. The fourth section (chapters Eight and Nine) looks at the linkages with the state. And the chapter that links this together is Chapter Ten about the declining relationship between parties and voters.

In writing these chapters, the use of secondary material has been supplemented by using a number of other sources of data.

Interview Research

Interview research involved both personal interviews and mailed questionnaires.

The choice of interviewees was based on the missing information from the chapters. I already had a great deal of information about the parties, but where information was missing, interviews were sought with the following people: Paul Harris, General Executive, Electoral Commission (interviewed twice); John O'Sullivan, General Manager Parliamentary Service; John Slater, President, National Party; Rob Allen, General Secretary, Labour Party; Mark Stonyer,

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87 Interviewed: 1999; 6/6/03.
Chief of Staff, United New Zealand\textsuperscript{91}. The interviews were loosely structured, using a basic set of questions that differed for each interviewee. Discussion always went beyond the prepared questions and lasted about an hour. Interviews were recorded on cassette and later transcribed.

Feedback was also sought from the parties about what I had written about their party finances. I sent to the presidents of each party the respective individual sections from my thesis on party finance. Only very limited feedback was received, with most parties not replying at all. Paul Harris of the Electoral Commission also supplied feedback on the chapters relating to state regulation, party membership and finances.

**Survey Research**

A questionnaire survey was sent to 32 academics. This was a simple two-page questionnaire asking the respondents about dimensions of party competition in New Zealand, and about where they located the parties on a left-right continuum. This survey was a replication of the 1997 'expert survey' carried out in New Zealand by Brechtel and Kaiser (1999). Brechtel and Kaiser asked 23 political scientists to comment on party competition at the 1996 general election. With the permission of Brechtel and Kaiser their 1997 questionnaire was slightly altered for the 2002 general election and sent out in April 2003. Unfortunately, for reasons of anonymity, Brechtel and Kaiser had not kept details of the 23 recipients of their survey and therefore a new list of 'experts' was drawn up. The selection criteria was involvement in teaching 'New Zealand politics' in a New Zealand university. Of the 32 questionnaires sent out, 20 were returned – a reply rate of 63 percent. The results were one of the ways used to establish the ideological positioning of the New Zealand parties, so as to ascertain change.

\textsuperscript{90} Interviewed: 24/5/99.
\textsuperscript{91} Interviewed: 25/5/99.
Chapter One: Literature Review and Methodology

Participant Observation

My relationship with political parties has not been purely academic. I have worked on this research with some experience within political parties. In particular I have been a member and activist within a party (the NewLabour Party and Alliance, 1990-1992) as well as working for the Alliance in 2001. My first experience was as a rank-and-file party member who was occasionally involved in branch work and activity. My involvement ceased when I decided that my own politics were not the same as the Alliance and I believed that the party was evolving into something that I was no longer interested in. However, nearly ten years later, in 2001, I was employed for a year in the parliamentary unit of the party, this time purely as a ‘party professional’. Officially I was employed by the party leader Jim Anderton, but in practice I worked for the party president, Matt McCartney, who operated out of the parliamentary complex. I was made redundant after a falling-out between the party president and the leader made my work there untenable.

My experiences in the Alliance have therefore been influential in the writing of this thesis. As a one-time party member, I gained some exposure to how one party functioned in the electorate, getting a good idea about the operations of the branches, how communication takes place, and how decisions are made. In particular, I learnt that there was a large gap between how political parties are claimed to operate and how some of them really do. Working at Parliament a decade later I then got a close up look at how a head office and parliamentary wing function. Again, my experience clashed with the textbook understanding of political parties. While not directly informing the writing of this thesis, these two experiences have confirmed much about my academic research into political parties in New Zealand.

For much of the time that I was writing this thesis, I was also living and working in the capital city, Wellington. During this time I made many connections with
political party participants. While I did not often discuss my overall thesis topic, I often discussed many aspects of political parties and their internal activities. I also attended a number of party conferences, including two Alliance conferences, one Labour Party conference, one Act conference, and one New Zealand First conference.

**Research Constraints**

It is almost without exception that thesis research is carried out within a set of constraints. Time and finance are major constraining factors. Certainly with the luxury of more time and resources I would have undertaken further research - particularly more interviewing. There have also been some problems with studying a party system that is still evolving. It means that the research material has continued to constantly grow. My bibliographic archive is constantly being added to, even as I try to write the conclusions. Yet any cut-off point to information gathering would seem entirely artificial and risk making my thesis instantly out of date. And because the party system is changing, my theories are constantly being challenged and have to be updated. Therefore in terms of theory, I have been constantly reading. The expected process of confining theory to the start of the study and analysis to the end has not eventuated. Continuing political change relating to the party system has demanded constant analysis and led to the research continuing beyond the date I had initially set for completion of the project.

I have also been constrained by the availability of data. A major problem faced was lack of access to internal political party information. There are great difficulties in obtaining internal information about political parties - particularly about their membership numbers and finance. Because the parties operate in an obviously very political environment, they function as secret societies, on guard against the prying of their opponents. Academic research and journalistic endeavours are therefore usually avoided, for fear that they will uncover negative
or sensitive information about the party. It has been particularly difficult to gather financial details about the operations of New Zealand's political parties. As Mitchell wrote in 1962, 'the parties have shown an obsessive concern with shrouding their finances in secrecy' (Mitchell, 1962b: p.77). This is still true today. However, there are various avenues by which to obtain the relevant data. The information for the chapter on capital resources has been derived from a variety of unofficial sources, including many articles and interviews published in the media about the parties, personal interviews with political party head office personnel, various official publications of statistics, and from party members.92

The official sources of financial information also include the Electoral Commission, which makes public the information disclosed to it by the parties about their donations and election campaign expenditure.

That these very prominent organisations can avoid such evaluation is partly because political parties are not public institutions or societies, but are in fact voluntary civic organisations. The parties therefore have little obligation to provide information about themselves to the public (see Chapter Nine). The fact that the state is now the primary resource-provider for the parties in Parliament (as examined in Chapter Eight) does, however, have some consequence for their lack of transparency, and means the parties are required to provide some membership details to the state.93

92 Vowles has commented on the lack of information available: 'Members usually receive annual reports which disclose a certain amount of information, and some of these find their way into the public domain, with occasional commentary, but there has as yet been no systematic analysis. Such material is sometimes available to scholars with links with a political party, but often not to others. Another reason for the lack of analysis of this data has been the normal exclusion from such reports of information about the costs and expenditures associated with national election campaigns, about which even ordinary members have not been given information' (Vowles, 1998c).

93 In undertaking this research a request was made to the Electoral Commission under the Official Information Act requesting the release of information about the submissions made by the political parties on their membership numbers. This was refused on the grounds that the information had been given in confidence, and that to release it would jeopardise the commission's ability to obtain that information from the parties in the future.
It has also been difficult to obtain information on the state’s resourcing of parties. Because all the parties in Parliament benefit from the lucrative state resources, the system is kept sufficiently non-transparent to outsiders. This arrangement is perpetuated by the fact that the parties have made the Parliamentary Service and Ministerial Services exempt from the Official Information Act – meaning that information about the parties’ use of state funds is generally not available to the public. However, there are various partial, published accounts of the resources provided to the parties, and it has been possible to piece these together to build a picture of the indirect state funding of parties.

Probably the greatest constraint of this thesis has been the broadness of the topic. The thesis started out with an unnecessarily wide goal, and this only became larger throughout the research period. Each chapter of this thesis could probably have been made into a PhD thesis in itself. Nonetheless, this in-depth and broad approach was a deliberate attempt to make up for the lack of academic attention on changes in the New Zealand party institution in recent decades, and the result is hopefully a unique thesis. However this broadness does mean that some of the elements of the study could not be researched as thoroughly as possible, and some attention to detail therefore escapes it. The broadness also means that a substantial editing process has been required to edit the final version of this thesis, meaning that most of my writing has had to be set aside.

In summary, the research process of this thesis has involved using diverse sources of qualitative and quantitative data. This has been collected in a large computer database and has been used to piece together an account of the key relationships and elements of the party system. The chapters in this thesis examine party ideology, the social support of parties, their membership organisations, their resources, their relationship with the state, and their relationship with general civil society.
Conclusion

This chapter has argued that there is a need for a re-evaluation of the state of political parties in New Zealand. It has outlined the most significant New Zealand literature on New Zealand party politics, especially in regard to their ideological shifts since the Second World War. This has showed that there has been considerable agreement about the existence of a policy consensus and the centripetal nature of the party system during early post-war period. There has been less agreement about the nature of party competition in the period of the 1970s and 1980s, although most writers see that the postwar consensus was unraveling in the lead-up to the Fourth Labour Government. There is also some agreement that the two main parties were still ideologically close in the 1970s and early 1980s but that the ideological nature of neo-liberalism that they then adopted made them more radical. This disrupted the existing structure of the party system, but brought them closer together in the late 1980s and early 1990s. It is generally agreed that throughout this period the party system was in turmoil, with the emergence of a number of significant new parties that were often policy-pursuing parties that represented a challenge to the development of that consensus.

There is even less agreement about the period of politics since 1993. Much of the literature deals with party politics with the apparent assumption that the introduction of MMP has led to a more centrifugal and doctrinaire party system. There is empirical evidence both to prove and disprove this. But there is an increasing acceptance that some sort of ‘new consensus’ developed in the 1990s. Significantly, however, few New Zealand academics and commentators have addressed the issue of ideological erosion in this period – either in the form of the shift to the centre of the political spectrum or the de-emphasis and downgrading of ideology.
This chapter has also suggested that some sort of party decomposition or decline is occurring – although not one that necessarily threatens the survival of the party institution. This decline centres on the disconnection between parties and society, suggesting that although the parties have a strong place in the political system they possibly lack relevance in the lives of citizens. This is linked with ideological erosion, with the suggestion that there might be some link between the many ways in which parties are said to be in decline and in the shift of the parties towards the centre of the political spectrum and their decreasing emphasis on their ideological component.
Section One:

Ideology in the Party System
Chapter Two

Postwar Consensus and Radicalism (1945-93)

This thesis argues that policy convergence and electoral pragmatism have dominated New Zealand politics since the Second World War, with the political parties increasingly shifting away from the ideological mass membership model towards the pragmatic electoral-professional model. This has meant that that an office-seeking orientation has characterised most parties and therefore the pursuit of policy has been a secondary consideration for parties. A policy consensus has largely dominated the party system, especially during the immediate postwar decades and again since the early-1990s.

Critics of this general analysis of postwar New Zealand politics will, however, point to the 1980s and early-1990s as a time of heightened political radicalism, mainly because of the introduction of radical neo-liberal economic policies. They might suggest that during this period the two main parties deserted their 'median voter strategy', and that postwar consensus therefore disintegrated. To both supporters and critics of the reforms of this period, it probably seems that the politics of pragmatism and accommodation gave way to a new politics of principle, and thus a policy-seeking orientation. Such an argument might therefore be seen to disprove the relevance of theories spelt out in the previous chapter about office-seeking, the Downsian 'economic model' of democracy, and Kirchheimer's catch-all party model.

This chapter seeks to answer such a challenge. It traces the ideological transformation in the party system in this period of turbulence and radicalism,
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charting the political evolution of each party. To do this, it concentrates on the classic distinction used in political science to describe the nature of political action, whereby it is usually based on two types of orientation: the seeking of policy or the seeking of office. As explained in Chapter One, policy-seekers act according to the basic long-standing political values that they hold. Office-seekers are much more flexible with regard to their policy commitments, rationally acting on exogenously-fixed preferences, that is, the distribution of political preferences in the electorate.\(^1\) Whereas policy-pursuing is related to the representation of social groups and their main political goals, office-seeking is related to the Downsian idea that the main motivation of politicians is power and prestige. These orientations are heuristically ideal-types, and political parties, politicians, and party systems may be characterised by different combinations of the two, shifting over time.\(^2\)

This chapter suggests a modification of the policy-seeking versus office-seeking model. The evidence from this ideologically radical period of New Zealand politics suggests that in times of crisis or difficulty – in this case, economic – parties and politicians sometimes move beyond this simple, but useful, framework. Crises pressure parties and politicians to adopt a more state-preserving role\(^3\) which, although it may incorporate some elements of both, is not strictly based on either electoral pragmatism or the pursuit of ideology, and can have radical results. This proposed third type might be labelled a *managerial-reforming* orientation. It occurs when parties take on the task of managing a crisis. It is argued in this chapter that all three types of orientation have been

\(^1\) See: Laver and Schofield (1990: chapter three).


\(^3\) In times of war, economic crisis, natural disasters, and ecological threats, political actors – and especially those in control of the state – are less likely to be motivated by either office-seeking (or ‘electoralism’) or policy-seeking orientations in the decisions that they make, but are more likely to be influenced by managerial-reforming impulses. In the face of great threats to the survival of the state and possibly its people, the pursuit of doctrine and electoral opportunity are more likely to be set aside and attention paid to preserving the state, often through strong reforms.
present in the party system of the 1984-93 period, but that the governing parties of this period have been mostly characterised by the managerial-reforming orientation. Therefore while the governments of Lange-Douglas and Bolger-Richardson were undoubtedly radical ones characterised by highly-ideological policies, this chapter argues for some caution against exaggerating the idea that political parties in this period were suddenly strongly characterised by a policy-seeking orientation. As will be argued later, many commentators and academics have explained much about politics in this period by theories of a policy-seeking orientation that are not convincing. There is no doubt that an element of policy-seeking occurred, but such an impression can be easily over-drawn, when in fact much of the radical reforms were primarily driven by economic exigencies rather than radical ideologies.

The timeframe of this chapter concentrates on the years of radical reform: 1984-1993. But this period obviously does not exist in isolation from the eras that preceded it. Therefore, the ideology of the postwar period of consensus (1945-75) is briefly examined in Part One. Part Two examines the 1975-1984 breakdown of the postwar consensus. Part Three starts with the election of the radical, reforming Fourth Labour Government in 1984, and ends with the 1993 general election, which marked the approximate end of the reform period and also heralded electoral reform.

4 The dates for the postwar period are based on the end of the World War II (by which time a policy consensus was developing) and the 1975 election of the Muldoon National Government, which presided over the unravelling of the post-consensus at the end of the long economic boom. This second date is arbitrary, but is adopted in the absence of another date or landmark event that separates this era from the postwar period. The mid-1970s was definitely a distinctly different political period to the 1960s. The economy and society during this period were subject to great forces for change, but the political and party system lagged behind these shifts and the conservative National administration held back change. Also, as Part Two of this chapter explains, the 1975 election involved significant changes in the party politics, with the rise of Robert Muldoon to prime minister, the establishment of a number of significant new parties, and rise in class dealignment.

5 The 1993 election constituted the distinct end of this period of radicalism. This is because the election involved a substantial swing to the left — electing the Alliance and New Zealand First into Parliament, voting in a new proportional representation electoral system, and pulling the two major parties back from the extremes of neoliberalism.
Chapter Two: Post-Consensus Radicalisation

Part One: The Postwar Consensus

The election of the First Labour Government in 1935 set the scene for the decades-long postwar political settlement, as well as laying the groundwork for the establishment of a persistent two-party system. Although the First Labour Government essentially continued in the direction that the Liberal Party pursued in government during the 1890s, this government was still responsible for establishing the policy framework that became the foundation for consensual politics until the 1970s. When the Labour Party arrived in government – the first time that a social democratic party took charge of the New Zealand state – it actually removed radical politics from the political arena. Instead of bringing about any form of socialism, the first Labour Government established what is sometimes called an ‘historical compromise’ – whereby the Government attempted to fuse together the interests of capital and labour. This arrangement developed, through state support and regulation, the ability of business to pursue profitability, balanced with the establishment of a comprehensive welfare state. It was therefore a cross-class compromise, providing benefits to employers as well as workers.

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6 In examining the New Zealand party system, Gustafson finds that 'although there was change during the period of 1890 to 1984, it was of at the level of quantitative detail, not a fundament qualitative change in values, perceptions, policies or outcomes' (Gustafson, 1997b: p.5).


9 For more on the idea of the 'historical compromise', see: Jesson (1989a), and Hewlett (1998: p.38).

After 1940 Labour became a conservative party, expelling and marginalising the more radical and innovative forces.¹¹ The first Labour Government had not only reconciled the party with the management of capitalism, it had also adopted policies on other issues which were strongly at variance with the earlier left-wing stands taken by a number of its main leaders.¹² Most residual elements of Labour's radicalism were lost following the end of the war.¹³ The party was finally forced out of office in 1949, after which it became increasingly concerned with portraying itself as a better manager of the status quo than its National Party rival. When Labour returned to office for a second time in 1957, it neither promised nor delivered any major social or economic reforms.¹⁴ In reality Labour had merely become the 'alternative conservative party', and although it had a reputation for radicalism, this no longer had any real basis.¹⁵ As a result of Labour's loss of reforming zeal, much of the party's working class membership dropped out.¹⁶ Despite propaganda from National to the contrary, in the 1950s and 1960s Labour never pursued anything resembling 'doctrinaire socialism'.¹⁷ Instead, Labour leaders

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¹² For example, under Prime Minister and formerly convicted conscientious objector, Peter Fraser, strikers were jailed, conscription was introduced during the war and peace-time, and conscientious objectors were interned (Jesson, 1989a: p.20).
¹³ In 1951 the party dropped from its constitution the socialisation clause in favour of the much milder objective: 'to promote and protect the freedom of the people and their political, social, economic and cultural welfare'.
¹⁴ According to Debnam, 'the one-term Labour government of 1957-90 had come and gone without any significant policy disturbance' (Debnam, 1990: p.5).
¹⁵ See: Chapman (1999: p.64). In the early postwar period, the New Zealand labour movement also lost its intellectual vitality. Jesson argues that as early as 1949 – when the Labour Party was thrown out of office – it 'had been completely drained of any capacity for dissent or resistance' (Jesson, 1989: p.20). This intellectual vacuity became a hallmark of the party for the following decades, and as Milne pointed out, 'there is some truth in the view that most of the present Labour MPs "know nothing of capitalism or socialism. They have never read a tract on the capitalist crisis. Their loyalty is not to an idea, but to a machine, to a job as an MP" ' (Milne, 1966: p.289).
¹⁷ The Labour Party – like other social democratic parties in the West – rested on its laurels in terms of social progress, deeming that their mission had been accomplished. In the 1950s and 1960s, the party leaders believed
spent much of the postwar period playing down divisions of class in society and projected Labour as a party of all New Zealanders instead of a party of working people or the disadvantaged (Webber, 1978: p.188). Throughout the 1960s especially, the Labour Party moderated its policies and its image. Significantly, Arnold Nordmeyer (Labour leader, 1963-66) proclaimed in the early 1960s, 'There is no place today for what used to be known as the class struggle' (quoted in Milne, 1966: p.110). Nordmeyer took to emphasising the 'new look' of the party, and his successor, Norman Kirk (leader, 1966-1974) argued that, 'The New Zealand Labour Party is the New Zealand Labour Party. The words “New Zealand” are as important as the word “Labour”' (quoted in Gustafson, 1989: p.204).

The prosperous decades that followed the First Labour Government's fall from office created a conservative climate better suited to the National Party,\(^{18}\) as the myth that held New Zealand to be a classless and harmonious society prevailed. For the following period of 23 years in which the postwar consensus existed intact (1949-1975), National was out of government for only one term. When National took office for the first time in 1949, its leader Syd Holland declared, 'There is going to be no more socialism in New Zealand' (quoted in Bassett, 2000).\(^{19}\) Nevertheless, in power the National Party embraced the main features of Labour's historic compromise – which the National Party had previously defined as 'socialist'. In particular, National now accepted the Labour Government's

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\(^{18}\) The National Party was formed in 1936 out of the conservative farming-based Reform party, the urban-liberal middle-class United Party, and the libertarian Democrat Party. The parties united over their opposition to the election of what they regarded as the 'socialist' Labour Party. For more on the early history of the National Party, see Gustafson (1986), and Wood (1992).

\(^{19}\) Despite the legend that paints the National Party as a party with a free market philosophy, National has therefore always been a party of conservatism and conformity. Certainly in the long postwar period of its dominance, National was 'largely satisfied with the system of regulations, controls and state ownership of public utilities it inherited from Labour' (Jesson, 1989d: p.156). While the party continued to espouse 'individualism' along with the rhetoric of 'free enterprise', this created a contradiction when at the same time they continued to manage Labour's welfare state (Roberts, 1978: pp.71-72). This all proved that the party lacked a strong sense of political philosophy – which was something that the leadership prided itself on and labelled pragmatism (Jesson, 1989d: p.154).
social security legislation. A societal consensus had developed about its value, and conservative politicians therefore had no choice but to promise not to undermine it.\textsuperscript{20} That National had reluctantly accepted Labour's Keynesian economics and the welfare state in the 1940s and 1950s might have seemed like a huge defeat for the right, but this concession was actually the basis on which the National Party, like other parties of the right around the Western world, was able to dominate politics in the second half of the 20th century. National was perceived as the best administrator of the new policy regime. The new consensus suited the party because of its largely conservative rather than reforming nature.\textsuperscript{21} Although it might have appeared that National's continuation of the welfare state was counter to the interests of the party's wealthier supporters, its existence had in fact proved useful for the advancement of capitalism in New Zealand. By guaranteeing wages, keeping the workforce healthy, housing those on low incomes (in houses built by private companies), the welfare state effectively gave business a subsidy and a guarantee of a healthy and contented labour supply. Both parties also intervened heavily in the economy to facilitate private business – conducting heavy programmes of state investment in 'roading and electric power, not to mention farmland development,

\textsuperscript{20} In fact National governments prior to 1984 added considerably to the welfare state, introducing, amongst many other things, the Equal Pay Act 1972, the Accident Compensation Corporation, the Human Rights Commission, Maternity Leave Protection Act 1980, the genesis of the Domestic Purposes Benefit, and the generous National Superannuation scheme. See also: Bassett (2000), Gustafson (1997b: p.8), and Rudd (1993).

\textsuperscript{21} The National Party proved itself to be very pragmatic and operational, following a strategy which would keep the party in office. In a sense it truly was a 'national' party, always seeking to broaden its popularity rather than implement any particular vision or ideal. The particular type of conservatism that National represented was, according to Jackson and McRobie, that which is mainly anti-doctrine and anti-political, rather than any kind of reforming conservatism (Jackson and McRobie, 1998: p.64). Essentially the party fulfilled its role as a conservative party – conserving the status quo that Labour had established. Typically, while the party did indeed undertake some reforms, these were carried out with 'small, fine-turning change done in a deliberate, measured, slow way' (James, 1992: pp.22-23). See also: McRobie (1992: p.386). In line with its incrementalist approach, National only made a few alterations to Labour's framework of economic protectionism and its welfare state. In government the party remained sympathetic to full employment, and trade union leaders continued to have access to ministers. While the party did restrict some working class advantages here and there, and sometimes increased competition in the economy, such changes were relatively minor. In the end, National rule did little to change the main features of the historical compromise.
the telephone system, freight railway equipment, aviation and aerodromes and so on' (Chapman, 1999: pp.59-60). Rather than constituting any type of socialism these policies really amounted to a form of 'state capitalism'. Rather than simply being enacted and retained in the interests of workers – as a common understanding might suggest – the welfare state and economic intervention essentially laid the foundation for business profits, which is how such businesses could accept the welfare state (James, 1992a: p.26). Moreover, through the welfare state National was able to pay generous family benefits to middle New Zealand and educate their children.

Hence, between 1935 and 1949 an unspoken bi-partisan policy consensus developed in the following areas: full employment, underpinned by Keynesian demand management; active government, including a widening of the perceived responsibilities of the state and greater intervention in the economy; a mixed economy; harmonious industrial relations, entailing the conciliation of (compulsory) trade unions and their subsequent involvement in policy-making; the welfare state; and a foreign and defence policy centred on the United States and Britain. Within the parameters of this broad political consensus there was still some substantial disagreement. But while the detail of this consensus was sometimes contested and the edges of the agreement were often blurred, but

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22 Even the neo-liberal Michael Bassett argues that some level of state intervention was in the interests of business: 'It wasn't all bad. Material creation of what are often called "public goods", such as roads, bridges, tunnels, and harbours, coupled with public education, helped everyone realise his or her individual potential. That was good for the economy' (Bassett, 2001). Also, state-owned enterprises actually proved to be of great benefit to New Zealand capital. Many of these revolved around providing a service essential to the development of capitalism in New Zealand. The enterprise projects that the state invested in often demanded a huge commitment of capital which would not see a profitable return in the short to medium term. Many of these industries were therefore unattractive to, or beyond the capacity of, private capital (Bassett, 1998). See also: Edmundson (1997) for an examination of how state-owned housing, railways, and banking served the interests of capital in New Zealand.

23 Certainly Labour never seriously attempted to carry out any socialisation of the means of production, distribution and exchange: 'Above all, both parties concurred in leaving the major portion of the economy to the operations of private capital, checked and in part controlled by the state, but neither comprehensively planned nor threatened with expropriation' (Chapman, 1999: pp.59-60).

24 As James points out, 'the system was explicitly adversarial within those limits' (James, 1997k: p.11).
essentially the priorities of both parties remained the same. The requirements of
election competition meant that some sort of differentiation was necessary, and
this forced the parties to at least attempt to disguise their basic agreement by
stress their differences and making use of rhetoric. As Chapman pointed out,
both main parties were sensitive to charges of being essentially the same, 'and
each strove to differentiate itself from the other' (Mitchell, 1962c: p.96). At the
level of the media and election campaigns, the 'old symbols and rhetoric of party
conflict were retained for electoral purposes' (Smith, 1972: p.3). Therefore,
although the parties in government presided over and implemented very similar
policies, at elections they still managed to appear to be distinct by putting forward
manifestos and constitutions that suggested more radical actions would occur.

Whenever real political conflict did actually take place, very often this occurred
within the parties rather than between them. Deep inter-party wrangles occurred
over a wide range of policies and often threatened to divide the parties internally.
It is also notable that where National did have significant disagreements with
Labour it often failed to act in government to make any significant changes to
Labour's regime.25 In addition, where differences did structure party politics, they
were often not so much ideological, but issues of practical and technical
implementation of policy.

The postwar political party era was therefore characterised by ideological
convergence, centripetal competition, office-seeking behaviour, and general
moderation. The consensus existed on the foundations of the economic
prosperity of the long postwar boom. Two-party competition was also predicated
on a relatively homogenous society, in which Labour and National fought each

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25 In the case of the compulsory unionism introduced by the First Labour Government, the National Party
campaigned against the law in 1949, but once in government, effectively continued that policy. See: Jackson and
Harré (1969: p.67). According to Debnam, the National Government 'simply chose to make compulsory unionism
contingent on a secret ballot if at least 15 per cent of union members asked for one' (Debnam, 1990: p.5).
other over secondary economic issues, and obtained votes from relatively distinct support bases.\textsuperscript{26}

\textbf{Part Two: Breakdown of the Consensus}

It is a matter of some debate as to when the postwar consensus came to an end. For many commentators, the election of the Fourth Labour Government in 1984 marks the end of consensus, but the reality is that the historical compromise was unravelling for at least a decade prior to this. A change in economic conditions was the major reason for the end of the consensus, and a major precipitation for this economic crisis in the 1970s was the loss of New Zealand's prosperous trading relationship with Britain in the late-1960s.\textsuperscript{27} Also, in 1974 the first OPEC oil crisis hit New Zealand, causing serious economic stagflation and a balance of payments crisis. But whatever the reasons for economic decline, by the mid-1970s economic growth slowed, the inflation rate rose, public expenditure was pushed up, and full employment disappeared.

The economic slump became the dominating feature of New Zealand politics for the following decades, and its immediate effect was to throw the basis of the consensus into disarray. The failure of the major parties and their shared economic policies caused a fall in electoral confidence in both Labour and National,\textsuperscript{28} and in general the political ideologies that were the foundation of the historical settlement became discredited. The consensual mood of the previous decades was also shattered by the wave of substantial protest activity and strikes

\begin{footnotesize}
\textsuperscript{26} See Chapter Four.
\textsuperscript{27} Also, in the mid-1960s, 'the price of wool – then the most important export – collapsed, a disaster reinforced by downward pressures on meat and diary export prices' (Easton, 1999a: p.4).
\textsuperscript{28} For details of Labour and National's declining electoral fortunes, see Chapter Ten. As a percentage of age-eligible voters, Labour and National's joint share of the votes had been declining from 1946 when they had 91 percent of votes, hitting a record low in 1978 of 66 percent, and then 65 percent in 1981 (Vowles, 2002b: p.416).
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that began in the late 1960s and early 1970s. ²⁹ There was a substantial growth in extra-parliamentary politics – particularly on the left – and this culminated in the 1981 Springbok Tour protests. ³⁰ This activity appeared to indicate that under Muldoon a considerable section of the electorate were looking for a more radical or leftwards movement in New Zealand society. The increasing heterogeneity of society and the breakdown of political patterns were reflected in the development of significant minor parties like Values, Social Credit and Mana Motuhake. Also, a small but growing section of New Zealand public opinion was moving to the right and against the postwar consensus. Increasingly, these voters saw the welfare state as too expensive and the trade unions as too militant. ³¹ Certainly by the late-1970s and early-1980s the postwar consensus was seen by some as the cause of economic stagnation. ³² This was eventually reflected in the emergence of another significant party, the libertarian New Zealand Party.

At the same time, other aspects of the traditionally stable electoral arrangements and behaviour were rapidly eroding. For example, voter volatility rose from 6 percent in 1972 to 9 percent in 1975 – the highest level then recorded (Vowles, 2002b: p.415). The share of two-party vote as a percentage of age-eligible voters dropped from 70 percent in 1975 to its (then) lowest recorded level of 66 percent

²⁹ For the increase in industrial action, see: Roberts (1978: p.93). Roper (1997) also points out that 'From 1968 to 1977 a major upsurge in class struggle took place that involved the highest levels of strike activity in New Zealand's history' (1997: p.83).

³⁰ For increasing protest activity, see: Nagel (1999: p.233). There was substantial growth in social movements protesting against New Zealand's involvement in the Vietnam War, racism within New Zealand and in South Africa, and women's oppression.

³¹ See: Roper (1993: pp.155-164), who observes that many pressure groups were calling for more market from the 1970s.

³² At an elite level, and especially in the economics profession and business community, during the late 1970s and early 1980s there was a shift in view, with Keynesian demand management losing popularity to supply-side, neo-liberal economics. For evidence of the growing influence of neo-liberal or supply-side economics in the economics profession, see: Jesson (1989a: chapter two). For its influence in the business community, see: Roper (1991) who argues that a supply-side economic policy consensus emerged within the 'business community' in the period from the late 1970s. Proponents of this new approach believed that the key features of the old social democratic consensus were no longer working as they were intended.
in 1978 (Vowles, 2002: p.416). Vowles’ calculation of class voting in New Zealand showed that this had declined from 30 percent in 1963 to only 19 percent in 1975 Vowles (2001: p.176). Vowles’ aggregation of party membership statistics has also shown that membership as a proportion of the electorate declined from 20 percent in 1960 to only 9 percent in 1972 (Vowles 2002b: p.416).

Labour Party (1975-84)

The nature of the Labour Party was changing in the 1970s, especially with the influx of ‘a growing number of younger, well-educated liberals and radicals attracted to the Party largely because of its increasingly vocal opposition to the Vietnam war’ (McRobie, 1992: p.386). The 1972-75 Third Labour Government had, however, proved something of a disappointment for its supporters on the left. After an initial economic boom, a period of economic crisis led to government austerity, and slow economic growth turned out to be both a serious constraint and a reason to break with the past. Yet no substantial political transition occurred, and ‘Its front bench of modernising "technocrats"... reinforced the image of modest improvers and conservers, tinkering with things to make them better rather than changing things at base’ (James, 1986a: p.38). The Norman Kirk Government did make some breaks with the past and introduced a few social reforms – partly picking up on issues from the liberal educated middle classes – but mostly it represented a continuation of the postwar consensus, and was led initially, until Kirk’s death in 1974, by a traditionalist whose instincts were inherently conservative, and who continued to push his party further away from its class-orientated and radical origins.

33 These trends are examined in greater detail in following chapters.
34 Consequently the old guard of trade unionists and First Labour Government-era radicals were now a minority.
35 Kirk was notable for describing Labour’s philosophy in 1973 without mentioning ‘socialism’ once (Levine, 1979: p.71).
After losing office in 1975 after only one term, the Labour Party immediately instigated a turn to the left – thereby helping corrode the postwar settlement. This left-turn was illustrated by a decision at the party’s 1977 annual conference to restore the principle of ‘the socialisation of the means of production, distribution and exchange’ to the party’s constitution. Changes at the top of the party organisation were also having a significant impact, as a new generation of liberals and radicals moved in and transformed the party. However, contrary to what might be expected, the influx of the educated liberal milieu had not caused the party to become heavily doctrinaire. Webber argued in 1978 that in the Labour Party, ‘doctrinal impoverishment has reached the summit: the intellectual life of the leaders is remarkably restricted, no real theoretical and doctrinal activity can be observed among them’ (Webber, 1978: p.186). Also in 1978, Roberts commented on the state of the economy, pondering that ‘Strangely, no one has yet suggested extraordinary measures to deal with this crisis’ (Roberts, 1978: p.94). Looking to the Labour Party for change, Roberts commented: ‘Paralysed by defeat and stripped of many younger more flexible parliamentarians, the Labour party seems incapable of revitalising the policy debate’ (ibid: p.96). However, change certainly was occurring within the party that would soon allow a paradigm shift in economic thinking. As the ‘Vietnam generation’ entered into the parliamentary wing of the party, they brought with them a desire to question the old assumptions and make radical changes, and they were not adverse to fundamentally changing the governments role in the economy. By the early 1980s this new educated liberal-left milieu clearly

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36 This was largely due to attempts by activists in the 1970s to return the party to its supposed heritage of socialism. According to Collins, after being soundly beaten at the 1975 election, “the Labour Party drew back in the next couple of years to its socialist origins” (Collins, 1987: p.10). Also, ‘Other voices pulled Labour in the same leftward direction. In the 1976 youth report to the party conference, Phil Goff... declared: "We stand opposed to a capitalist system based upon the exploitation of the many by the few."’ (ibid). See also: Walker (1993: p.12). But ‘leaders such as Kirk, Rowling, and Lange continued to project Labour as a party motivated by the much more general concept of “social justice for the whole nation”’ (Gustafson, 1989: p.204).

37 The ‘Vietnam generation’ is a term used by James to describe those liberal political leaders born in the postwar period. For a critique of his argument, see Easton (1997b: pp.221-223).
commanded the party machine, and a liberal uniformity developed around issues such as feminism, peace and anti-racism (Jesson, 1989a: p.48).38

It was at this time that Labour started to accept elements of what would later be termed 'Rogernomics' (named after Roger Douglas, finance minister, 1984-88). Labour's economic policy was very much in flux between 1979 and 1984, with leading Labour politicians and activists39 beginning to advocate radical measures for change.40 As early as 1979 Roger Douglas signalled his radicalism by welcoming foreign investment, proposing commercialisation of state businesses, arguing for a shift to direct taxation, suggesting user-pays charges for government services, opposing increased levels of import protection, advocating a flexible exchange rate, and generally advocating greater use of 'the market mechanism' (James, 1992b: p.143).41 David Caygill, too, was signalling the Labour Party's adoption of neo-liberal economics when in 1980 he stated that the Labour Party had an 'enthusiasm for restructuring so that our economy is more

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38 See also James (1992a: p.145), Jesson (1989a: chapter three), Wilson (1989). This was primarily a middle class layer and their control of the party machine was at the expense of the union bureaucracy, thereby taking the Labour Party further away from its old working class base.

39 This shift towards neo-liberalism was not an entirely elite phenomenon, as various party conferences passed economic policies that were a precursor to Rogernomics. For example, 'As early as February 1980 [Jim] Holt got through the party's Auckland regional conference an economic remit echoing some of Douglas's arguments' (James, 1986a: p.143). The new generation of Labour Party leaders and activists were very aware of the need for economic restructuring and especially the abolition of import controls. Such moves were not necessarily viewed as right-wing ones, especially since it was National that was blocking such change.

40 See: Oliver (1989: p.11), and Jesson (1989a: pp.57, 58). Roger Douglas, in particular, "from 1978 onwards, argued increasingly vocally that there were 'no soft options' in terms of economic restructuring (James, 1986: p.69).

41 Douglas' radical economic philosophies were well known by his colleagues and the public after he had laid out much of his economic plans in a book. The majority of the Labour MPs who would make up the Labour Cabinet 'knew Douglas's intentions and endorsed at least the general approach...[or] generally accepted the rationale behind Douglas's ideas' (James, 1986a: p.172). Furthermore, 'Lange had specifically committed himself in 1981 to making Douglas Finance Minister' (ibid). See also: Easton (1987; 1989), Oliver (1989), and Jesson (1989a: chapter three).
market-orientated' (quoted in James, 1992b: p.146). According to Oliver, Labour leader, Bill Rowling also favoured lowering trade barriers and he 'criticised export incentives and supplementary minimum prices for distorting market signals to producers and undermining New Zealand's competitive position in the world market' (Oliver, 1989: p.32).

Despite the increased radicalism of this 1975-84 period, Labour was still more of a Downesian party of electoral contestation – that is, policy was being strongly affected by electoral considerations. For example, Labour's loss in the 1981 general election brought about an important re-evaluation of economic policy. In the election campaign, Labour had focused its economic policy on employment creation, but 'After the loss of the election there were widespread criticisms of the election policy.... A caucus subcommittee reported on electorate reaction to Labour Party policy and stated that the focus on unemployment had reinforced the public impression of the Labour Party as "soft on the undeserving"... It was stated that social welfare policies appeared to have won few votes' (ibid: p.28). As a result, according to W H Oliver, Mike Moore advocated that, 'the best course would be to make economic restructuring the first priority and postpone welfare concerns' (Oliver, 1989: p.29). This was adopted by the Labour caucus, and this general approach of office-seeking behaviour appears to have been a continuing influence on the party's ideological development.

**National Party (1975-84)**

The erosion of consensus had a severely negative effect on National, as the party had defined itself by the existence of the social democratic settlement. Because the National Party was seen to be the best manager of welfare

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42 Caygill, a former Young Nationals office-holder, was appointed by Rowling as chairman 'of the caucus economic committee with a brief to review thoroughly the economic policy. This Caygill did, questioning all the old assumptions' (James, 1986a: p.141). He went on to say in late 1982: 'I want to see central government off the backs of private enterprise' (quoted in James, ibid: p.146).
capitalism, when the consensus disintegrated, National lost its way and Muldoon unsuccessfully attempted to hold the postwar consensus together between 1975 and 1984. After holding onto office in 1978 and 1981 with less than 40 percent of the vote, the National Party was aware of the need to hold onto the middle ground and therefore party ideology was largely designed to be centrist. Initially, therefore, Robert Muldoon’s administration did not play a part in eroding the postwar consensus, but instead added to it. Yet the right-wing of the National Party – personified by MPs Derek Quigley and Jim McLay – were increasingly dissatisfied with the traditional approach to the economy and shifted further to the right, in a neo-liberal direction. By the end of the 1970s – and especially after the near-loss of the 1978 general election – there was a strong desire within National Party branches and caucus to reassert its liberal and free enterprise philosophy. The 1978 intake of MPs listened to the growing free market mood in the wider party, consequently strengthening the free-market sentiments in caucus (James, 1986a: p.95). But a struggle to shift the party and government into a more right-wing direction was partially lost when in October 1980 the ‘Colonels’ Coup’ to remove Muldoon failed.

Muldoon, however, recognised this desire for change and to some degree acceded to it. There was a general move to ‘more market’ policies, and specifically there was some restructuring and deregulation in regard to taxation, transport, farming, film distribution, meat processing, shopping hours and

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43 According to McRobie, ‘By the early 1970s National’s image was that of an exhausted party and government.... Under [Jack] Marshall, National sought to project an image of a progressive and liberal party, one experienced in government’ (McRobie, 1992: p.387). Under Muldoon, the party’s direction later became even more unusual.

44 Examples include: National Superannuation, the ‘Think Big’ programme of state employment creation, and the wage and price freezes.

45 National MP Ian McLean coined and popularised the phrase ‘more market’ to describe the theme of a new approach increasingly being pushed by backbench Labour and National MPs (James, 1986a: p.70). James (1992a: p.241).

unionism (James, 1992a: p.63). In many ways these reforms were the first major break with the postwar social democratic consensus. Although appearing as a modest 'mish-mash' of contradictory free-market reforms, they amounted to a change in direction – one that foreshadowed Labour's Rogernomics. However, in the early 1980s the deregulators lost their nerve and the reforms slowed to a halt. Muldoon was unwilling to take the government any further and National relapsed into conservatism. Muldoon was not naturally a liberaliser, and when he reverted to the social democratic 'think big' programme and the wage-price freeze, most of the party went along with him – including many of those who were philosophically in favour of a freer business environment (James, 1986: p.98). In the end the Muldoon Government mostly attempted to protect and prolong the social democratic historical compromise. Muldoon therefore remained loyal to the prosperity consensus – even as it evaporated. In dealing with economic decline the government had two broad choices: to follow the neo-liberal direction that was being taken by Margaret Thatcher in Britain since 1979, or to continue with Keynesian demand management. Muldoon chose the latter, intensifying this approach, which led to a worsening situation, and one that would eventually require radical change.48

In general, then, National's hold on power from 1975 to 1984 caused the postwar economic framework to remain in place, even though the foundations for stability

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47 Other important changes included moves as early as 1976 to a more flexible interest rate policy, and moves in 1977 to more flexible wage settlements. After 1978 price controls on goods and services were also removed from many goods (Roberts, 1978: p.94; James, 1992a: p.63). Muldoon also allowed liberalisation of controls on overseas investment and allowed seven banks to trade in foreign exchange (James, 1992: p.63). Trade liberalisation also occurred through the negotiation of the Closer Economic Relations agreement with Australia. See also: Jesson (1987a: p.119), Nagel (1998: p.237), and James (1986a: p.167). Muldoon 'liberalized interest rates, started to remove government controls over financial markets, introduced a crawling peg exchange rate, reduced consumer subsidies, restructured farm subsidies, moved against compulsory unionism, and opened the way for competition between trucking and railways' (Nagel, 1998: p.237).

48 Some would argue that there were more than just two options for reform, and might cite Australia's experience under the Hawke-Keating Government as an example. Yet in that country too, a general market liberalisation direction was taken, although this example does show, nonetheless that variations existed within the market liberalisation option. For analysis of these different paths, see: Goldflinch (2000), and Castles et al. (1996).
and the status quo no longer existed in either the economy or society. It was a fragile continuation and because little significant change occurred, when actual policy changes finally flowed through from changes in the party system during the mid-1980s, these appeared decisive and clear.

**Minor Parties**

The two-party system in New Zealand persisted relatively easily from its establishment in the mid-1930s until the breakdown in the postwar consensus in the 1970s. At this point a number of parties arose to challenge National and Labour’s hold on voters. In this 1972-84 period, the most significant were Social Credit (formed in the 1930s, but revitalised in the 1970s), the Values Party (formed in 1972, and fading away in the early 1980s), Mana Motuhake (which formed in 1980 and contested the Maori seats until its merger with the Alliance in 1991), and the New Zealand Party (which was formed in 1983, effectively contesting only one election before fading away). These new parties made a considerable impact on national politics during the 1970s and 1980s.

All New Zealand political parties were in the process of significant internal and ideological change. Social Credit (known until 1982 as the Social Credit Political League, then as the Social Credit Party until 1985, when it became the Democratic Party) had been running candidates since 1954, but was repositioning itself on the ideological spectrum in the 1970s, becoming more office-seeking (or populist) and popular – thus constituting the first major challenge to two-party domination since the late 1930s. The party became the most successful vote-winning third party since the rise of Labour – winning 6.7 percent of the vote in 1972, 16 percent in 1978, 21 percent in 1981, and 8

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49 These parties were in many ways more radical than their early-1990s counterparts. Certainly the neo-liberal New Zealand Party was more radical and sophisticated than its successor, Act New Zealand. Values was less institutionalised and mainstream than its successor, the Green Party. And Social Credit provided more divergent policies than its later version, the Democratic Party.
percent in 1984. It also won seats at four general elections and two by-elections since 1954, meaning that prior to 1990, it was the only third party to secure representation during more than half a century.\(^{50}\)

Moving away from its traditional emphasis on monetary reform, the party was not simply becoming centrist in the 1970s, but straddling the extremes, being more anti-capitalist than the Labour Party on financial matters and more populist on social and moral issues than Muldoon’s National Party (Jesson, 1994: p.108). The party’s fluctuating voting base was mostly characterised by protest voters disenchanted with the two main parties – not necessarily centrist voters.\(^{51}\)

Amongst populist issues, Social Credit also emphasised policies on the environment, education and electoral reform. Then in the mid-1980s the party became ‘the nearest thing to a left-wing grouping in the New Zealand Parliament’ when Labour adopted neo-liberal economics (Collins, 1987: p.165). By this time the party was ‘in favour of import protection, more controls over the monetary system and jobs for everyone’ (ibid).

The increasing popularity of postmaterialist values in the 1970s and the burgeoning social movements were difficult for the Labour Party to incorporate, and the party proved unable to construct a left alternative to the postwar settlement. Instead, this movement for change filtered into the creation of the Values Party. Now seen to be one of the world’s first environment political parties, this earlier incarnation of the Green Party was then essentially a postmaterialist, liberal-leftist coalition of socialists, liberals and other radicals. It emphasised a ‘steady state’ economy and environmental protection, and promoted radical policies like ‘Zero Economic Growth, Zero Population Growth

\(^{50}\) It was also the only party to maintain ‘an effective party organization for more than two elections in a row’ (Vowles, 2002b: p.411). For more on the history of the Democratic Party (Social Credit) see: Miller (1989), Sheppard (1981), Zavos (1981), and Whitmill (1995).

and abortion, drug and homosexual law reform' (Dann, 1999). Formed in 1972, the party performed particularly well at the 1975 general election, winning 5.3 percent of the vote. Values was then torn apart by internal strife about its political orientation, and the party went into decline, winning only about 2 percent in 1978. In the 1980s, it existed largely in spirit rather than in practice, until it became part of the new Green Party in 1990.

The Mana Motuhake party was formed in 1980, evolving out of Maori disenchantment with the two-party system and especially Labour. Its founder, Matiu Rata, had held the Northern Maori seat for seventeen years as a Labour MP and had also been a Minister of Maori Affairs in the Third Labour Government. The Labour Party traditionally had a very strong relationship with Maori, but Rata, like many others, felt that Labour had abused that trust and taken Maori support for granted, particularly with respect to land claims. The 1970s saw a renaissance of Maori people fighting for their land, language and cultural rights, and they found the Labour Party wanting. Rata left Labour in 1979 citing the party’s failing to address critical Maori issues. Consequently Rata resigned from Parliament and re-contested the by-election in his Northern Maori electorate as an Independent. Although Matiu Rata polled very strongly in the by-election of 1979 (38 percent), he was unable to win the seat in this or any later elections, and support for his party Mana Motuhake slowly declined up until 1991 when it joined the Alliance. Up until the 1990s, however, Mana Motuhake consistently ran second to Labour in all four Maori seats, with Rata nearly winning Northern Maori in 1990.

At a time when both the National and Labour parties appeared to still be ideologically bland, the 1983 launch of the New Zealand Party was an exciting

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52 The Values Party also had the first female Deputy Leader of a New Zealand political party, the first female Leader, and the first ‘out’ gay candidate (Dann, 1999).

53 For more on the history of Mana Motuhake, see Cox (1993), Walker (1992), and Vasil (1990).
development for the New Zealand political system. The party was established and led by wealthy and high profile Wellington property investor Bob Jones who, along with thousands of other National Party members and voters, decided that Muldoon's National Party could not be broken from its postwar consensus policies, and a more dynamic liberal party was required (Gustafson, 1986: pp.148-149). The new party was therefore made up of a generation of social and market liberals who wished to reinvigorate 'the political right around the principles of liberal capitalism' (Aimer, 2001: p.274). The New Zealand Party therefore espoused a radical change of direction for New Zealand society. The party was most well-known for its libertarian and anti-state political platform which condemned the welfare state and preached freedom from economic regulation and taxes. As opposed to the muddled and centrist economic programmes of the main parties, the New Zealand Party's ideology was undoubtedly radical and innovative.

Significantly, the party also had very liberal and far-reaching policies on social and moral issues – which distinguished it from new right parties in other countries that were more authoritarian or populist (Spoonley, 1987: p.233). The party was remarkably radical on issues of personal freedom, strongly advocating women's right to abortion, the availability of contraception, and the legalisation of drug use and other behaviour that they labelled 'victim-less crimes'. The party was also anti-censorship, but generally very conservative on law and order issues. These mostly libertarian positions on social issues dovetailed with the party's liberal economic policies. In foreign policy, the New Zealand Party not only endorsed a nuclear-free policy that was more radical than the Labour Party's, but they advocated a position of unarmed neutrality for New Zealand, effectively

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54 The party was both a continuation of the short-lived Democrat Party which had been formed 50 years earlier by 'wealthy urban business and professional interests' who were dissatisfied by the moderate and interventionist Coates Government of the early 1930s, and a precursor to the formation of Act New Zealand a decade later (Gustafson, 1986: pp.148-149).

55 According to Spoonley, 'On matters such as defence, education or contraception and abortion, the party actually articulated the position of the upwardly mobile urban petty-bourgeoisie' (Spoonley, 1987: p.233).
disestablishing the defence forces and officially pulling out of ANZUS. The New Zealand Party was also seen as utopian on education issues, expounding that much more money be spent. Likewise, the party was radical in favouring substantial government involvement in the arts. They also emphasised environmental and quality-of-life issues. The party contested the 1984 general election, winning 12 percent of the vote, but no electorates. Although the New Zealand Party only effectively existed for two years, it proved very influential and significant by projecting a clear – if somewhat eclectic – ideological programme. After the election and the introduction of much of the New Zealand Party's economic policy by the Fourth Labour Government, the party lost much of its support, and Jones attempted to dissolve it.\textsuperscript{56}

Part Three: Radical Reform (1984-93)

In the mid-1980s party competition was becoming more centrifugal, with the ideological gap between the parliamentary parties widening – and not just on economic issues. According to Jesson, ‘In 1984 there were definite differences between National and Labour on a range of issues: homosexual law reform, the Treaty of Waitangi, peace, [and] women's causes’ (Jesson, 1990e: p.146). However, although it was not apparent in the election manifestos of 1984, the economic agendas of the two parties were also dramatically different, with those who became powerful in Labour planning to create a substantially different economy and society to the one which National was presiding over. The actual party manifestos were quite different to this, with Labour's projecting a social democratic-type government and National's suggesting an economic shift to the right. Then, at the 1987 general election, after three years of radical reform, the two main parties remained relatively polarised. During the campaign, Labour, according to Nagel, ‘differed significantly from National in four distinct

dimensions: economic management, defence, industrial relations and social policy. Its stands on each of these issues appealed disproportionately to a different element in its 1987 electorate coalition’ (Nagel, 1998: p.255). The Labour Party was still at the height of implementing its Rogernomics agenda, and Bolger’s National Party was still partly Muldoonist in its economic approach while also remaining very socially conservative.

Following the 1987 general election, polarisation reduced dramatically, and a new bipartisan agreement developed – mainly due to National’s capitulation to Labour’s social and economic reforms. The period of 1989 to 1990 was critical, with National adopting some significant Labour Party policies: the Treaty of Waitangi as the founding document of the nation, the anti-nuclear legislation, the Reserve Bank Act, the Public Finance Act, and resource management legislation.57 Therefore, by the time of the 1990 election, there was a great deal of convergence between the two main parties:

After the sharp policy discontinuity of the mid-1980s, when the two parties appeared to be a reverse image of their normal positions, they have drawn within range of each other and begun to assume more ‘normal’ positions. Their policy positions have also begun to converge, in the sense of fitting within the same debate (James, 1990c: pp.99-100).

The substantial differences on postmaterialist issues largely disappeared, with the National Party taking on social-liberal sentiments as well as the economic framework of Labour. National declared itself opposed to nuclear ship visits, and Bolger celebrated the anti-apartheid movement in South Africa. No longer did homosexual law reform, the Treaty of Waitangi, peace and women’s causes present major differences of opinion between the two parties.

Despite the two main parties converging in their election policies, a full policy consensus was still not able to develop. Firstly, this was because although the two main parties were characterised by ideological convergence, it was not a

centrist convergence but a radical one, and hence competition between Labour and National was outside the traditional centre of politics. Therefore, the two main parties remained out of synch with the electorate, as most voters remained opposed to the neo-liberal reforms. Reflecting this, there was an array of minor parties challenging the neo-liberal direction. This meant that the party system remained centrifugal, polarised, and locating a centre on the political spectrum remained impossible.

The Labour Party

The Lange-Douglas Government represented the final demolition of the postwar settlement, which by 1984 was already in decline. The administration upturned the whole economic, social and political fabric of the country, carrying out a reform programme that has been widely described as a ‘revolution’ and commonly referred to as ‘Rogernomics’, after the Minister of Finance Roger Douglas. The key components of this programme included radical liberalisation and deregulation of most economic sectors, commercialisation and privatisation of major state-owned assets, the erosion of welfare provision, contracting for public services, and the closure of many unprofitable public services. To understand the nature of party ideology in this period, and to find explanations for both the reforms and party change, a number of questions are often asked or answered by writers on the Fourth Labour Government. To what degree was the

58 For instance, a survey in 1987 by the Royal Commission on Social Policy found substantial support for increased government spending and intervention in the economy – see: James (1992a: pp.239-240).

59 This thesis uses both the terms ‘revolution’ and ‘reforms’ to describe the policy changes brought about between 1984 and 1993. However, as John Quiggin notes, ‘The term “reform” is normally interpreted to mean “change for the better” and that a more accurate term would probably be “reaction”’ (Quiggin 2001: p.84). ‘Revolution’ might also have positive connotations. However, both these terms are now commonly used to describe the political events, usually without any presumption that the reforms were necessarily desirable.

1980s Labour Party and its leadership characterised by a policy-pursuing orientation? Was the party affected more by an office-seeking orientation? Or— to introduce the third distinction— was Labour characterised more by managerial-reforming behaviour?

To suggest the reforms were motivated by a policy-pursuing orientation is to argue that the reformers were guided by doctrine and were attempting to refashion New Zealand society along lines that matched a certain ideology. This is an argument most notably made by critical academics and commentators such as Kelsey (1993; 1995), Easton (1996; 1997a) and Jesson (1989a). On the other hand, to suggest the reforms were motivated by office-seeking behaviour is to argue that the reformers were seeking popularity or at least to expand their base of voters. This is an argument made by Vowles and McAllister (1996) and Walker (1989). Alternatively, to suggest the reformers were motivated by a managerial-reforming approach is to argue that the state of the economy required thorough restructuring to avoid economic collapse, and because the reformers were responsible for managing the economy they were forced to carry out a reform process— specifically one that would reduce the costs for business and remove inefficient industries from the economy. This is an argument made by the reformers themselves, as well as supportive commentators like James (1992a), and its critics such as Roper (1991) and Bedggood (1996). As James has noted on this divide,

There has been vigorous debate since the beginning of the reforms as to whether the fourth Labour government was driven by theory. Those responsible for devising and implementing the changes, particularly the politicians, generally deny that theory played a significant role. Instead they argue that they were producing practical solutions to practical problems (James, 1997b: p.18).

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61 Despite these authors stressing the policy-pursuing explanation, as detailed later they also all provide evidence and arguments (perhaps sometimes unwittingly) for competing arguments.

62 In the opinion of Vowles, 'There are Marxist accounts which focus on the necessary restructuring of New Zealand capitalism in response to economic crisis, thus determining state policies regardless of the party in power. These are convincing in broad outline but less so in detail, and imply an absence of alternative options also asserted from the right' (Vowles, 1992a: pp.74, 75).
Although writers on this period find little agreement about the explanation for the reforms, there can be little doubt that the extent to which the Labour Government took its economic reforms was remarkably radical and undoubtedly based on a new right outlook. These measures – such as reducing the state's ownership of resources, assets, and services, introducing substantial indirect taxes, reducing income tax rates, and deregulating internal markets – are all internationally recognised characteristics of new right economic theory, and hence commentators accurately labelled the programme as such. It is unsurprising, therefore, that the Lange-Douglas years are often painted as a time of conviction politics. Douglas' intentions are seen as an attempt to break with the postwar orthodoxy and establish a new type of New Zealand society. In this view the reforms were part of an 'experiment' carried out by 'ideologues' or 'visionaries'. Therefore, many academics and political journalists have praised or damned the 1980s Labour leaders for pursuing their political vision. Kelsey (1993; 1995) has written extensively on the influence of the new right ideological agenda – suggesting a preference on the part of the reformers for an emphasis on the individual at the expense of the collective and a small role for the state. Aimer has written that, 'Imported neo-liberal doctrines were responsible for wedging the political left and right further apart than at any time in the postwar period' (Aimer, 2001: p.274). Jesson (1988; 1989a) has also focused on the process by which the ideas and theories of the 'Chicago school' of Milton Friedman and the 'public choice' theory of James Buchanan filtered through to the reforms via business groups, university economics departments and government departments. Like James, Jesson concentrates to some extent on the 'micro' issues, such as the political persuasions of the personnel within the Labour Party, Treasury, and the Reserve Bank, and claims a significant amount of change which occurred was

63 For example, Upton saw the reforms as having a theoretical basis and origin: 'the process bears the hallmarks of being experimental in another sense: rather than being an organic outgrowth of evolving policies, the changes to some extent sprang fully from the minds of the Government's advisors' (Upton, 1989: pp.31). James characterised this view: 'The mythology about the years 1984-90 in the Labour Party is that the party in government was captured by a small cabal of monetarist/freemarket ideologues' (James, 1992a: p.14).
due to the political hijacking of the Labour Party by a group of 'theory-driven zealots'. He argues that, 'The personal level is much more important than is usually acknowledged by political writers' (Jesson, 1989a: p.10), and that his account,

is the story of a small and unsophisticated nation being hijacked by extremists. Despite recognising the importance of the interpersonal element in New Zealand politics, I have treated the turmoil of Labour politics mainly as a developing conflict of ideas and political interests whose inevitable outcome has been the sensations of 1988-89. An obvious objection to treating Labour politics in this way is that it seems bereft of ideas. Labour's intellectual poverty has in fact been one of my main themes, and one of my explanations for the ease with which the Labour Government was hijacked by the libertarian Right (Jesson, 1989a: pp.11-12).

This idea of ideological hijack is seen by the fact that the Labour Government did not merely undertake the corrective deregulation needed to reverse the excesses of the Muldoon era, but actually went much further. For example, in partially withdrawing the state from the delivery of social services they were perhaps not merely introducing 'practical solutions to practical problems' but, instead, carrying out the dictates of new right ideology about how the state should approach social services. Likewise, Douglas intended to establish a voucher system for health care which, had it been carried out, would have pushed the reforms into a much more ideologically-inspired direction.64 Another example of restructuring that appears to have had a strong policy-pursuing basis was the State Sector Act of 1987. This restructuring of the whole state sector was, according to Chapman, 'not simply the pursuit of flexibility and efficiency which prompted this stroke of state, but rather the managerialist attitudes and neo-liberal arguments which lay behind corporatisation and the quest for the minimal state' (Chapman, 1999: p.346). Also, a doctrinaire impulse can be detected in that the privatisation process 'went much wider, including the contracting out of government activities

64 But the fact that proposals to move away from delivery of social services through state agencies was rejected, suggests that this sort of highly-ideological policy was not acceptable to most Labour ministers. In general Labour's approach was about the 'partial withdrawal of the state from delivery of social services and its concentration instead on funding' (James, 1990c: p.97).
to private providers... and the importation of private sector management principles of management and financial control’ (James, 1993a: p.21).65

James has identified six reasons why the nature of the reforms might be regarded as having a policy-pursuing basis:

[1] 'in making the shift, a "pure" line was often followed that caused unnecessary economic and social damage';

[2] 'many of the market-based prescriptions adopted by the Labour cabinet derived directly from "new right" analysis';

[3] the reformers had a libertarian attitude that was demonstrated in their approach to social issues; ‘the Labour Government reduced the degree to which the state was involved in economic activity... That direction was consistent with a move towards market-libertarianism';

[4] ‘Several ministers would have been prepared to go much further’;

[5] they developed ‘a bunker-like obduracy against challenges or questioning’ etc;

[6] ‘this rigidity in the face of opposition in turn fuelled and gave credence to critics’ arguments that means were beginning to determine ends’ (James, 1992a: p.26).66

While Douglas has generally argued that his approach was governed by managerial-reforming, he has also argued, albeit in retrospect, that he was a policy-pursuing politician rather than just a managerial-reformer. For example, in justifying privatisation, Douglas emphasised that its primary purpose was debt reduction, but he also threw in ideological justifications when he said that ‘There is another equally compelling reason for selling and it is this – ministers do not make good business leaders’ (quoted in Sheppard, 1999: p.140).

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65 Labour also started to agree with National about the need to create 'a bigger role for non-state delivery of social services, particularly health, and tougher financial monitoring and management' (James, 1990: pp.99-100).

66 James argues that, 'Theory did play a part' and investigates the theoretical influences on the reformers (James, 1987: p.18). Overall, however, he concludes that neither the politicians, nor those in Treasury, were 'ideological zealots' (James, 1987a: p.18).
In contrast to the policy-pursuing arguments above, the office-seeking explanation has been put forward by those writers who paint the Fourth Labour Government more as electorally ‘pragmatic’. For example, Labour Party insider Simon Walker claims the leadership made a calculated re-election strategy in devising policies, rather than simply being ideologically driven:

Central to their thinking was the fact that the previous two Labour Governments had been defeated after a single three-year term; the probability that New Zealand Party voters would return to their National roots made it likely that this administration would share their fate. The new ministers concluded that timid policies and an attempt simply to improve economic management by tinkering with current practices would ensure defeat in 1987. Even if the Government moved boldly, victory in 1987 was against the odds: but innovative policies and a complete change of direction were their best hope. Their approach needed to be radical, but they might well have difficulties explaining it to the electorate and, in particular, the Labour Party (Walker, 1989: p.212).67

The Fourth Labour Government’s economic strategy can therefore be read as an attempt to reconfigure the party’s support base. According to Vowles and McAllister (1996), the premise of their new approach in government was the realisation that the old division of party support between National and Labour had never served Labour well in electoral terms (Vowles and McAllister, 1996). Consequently, many in Labour ‘sought to expand their support bases from their traditional working-class social foundations into more broadly based “left-libertarian”, “post-materialist”, or “new politics” issue dimensions’ (ibid: p.3). This meant attempting to gain a monopoly on middle class support.68 Taking notice of the support for the New Zealand Party in 1984, it seems that some Labour strategists may have viewed its economic reforms as the basis for consolidating Labour rule. After all, in 1984 the New Zealand Party had won an impressive 12

67 Walker argued that, ‘many of its initiatives sprang not from philosophy, but because the victory of a party without the previous Government’s electoral baggage permitted long overdue change’ (Walker, 1989: p.208). Walker also commented that the government was guided by electoral pragmatism: ‘The Lange administration had attracted international attention because of its pragmatism’ (ibid). Furthermore, ‘many of its initiatives sprang not from philosophy, but because the victory of a party without the previous Government’s electoral baggage permitted long overdue change’ (ibid).

68 For a full account of this reconfiguration strategy, see Chapter Four.
percent of the vote on a policy platform that the Labour Government was taking up.

This modernisation process was only possible because the old patterns of party support were breaking down. As Chapter Four of this thesis shows, a process of partisan dealignment had been under way in which the major political parties had become progressively detached from their traditional class-based support, and therefore the traditional electoral constraints on policy innovation had weakened. Consequently Labour was freer in an electoral sense to break away from its traditional social moorings – or put another way, they had compelling reasons to redefine and re-stabilise their constituency (Vowles and McAllister, 1996: p.200). Furthermore, in parallel with the decline of the working class in politics, and within the Labour Party especially, there was also an expanding class of new entrepreneurs developing from the early 1980s who, according to Steve Maharey, ‘began to make money in property development, finance and new industries.... Significantly, the people in this rapidly expanding fraction of capital lacked any real political representation’ (Maharey, 1987: p.78). MP Peter Neilson also spelt out this goal in an internal party document in which he argued for a broadening of the party’s electoral base: ‘Quite bluntly, Labour has to attract more middle-class support to survive as a potential party of government... The people in industry and commerce offer a major source of additional voters to Labour and the opportunity to make them ours should not be overlooked’ (quoted in Sheppard, 1999: p.7). Thus Labour took up the opportunity to represent this class, which was evident at the 1987 general election when the party received an unusually large number of votes in higher socio-economic electorates. The re-elected government had cobbled together an electoral alliance of urban professionals, liberal social activists, together with its existing base of working class support. The first two groups were the prosperous beneficiaries of Rogernomics, many of whom had previously been sympathetic towards either

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69 Labour performed very well in the electorates of Fendalton, Remuera, Eden, Birkenhead, Miramar, Ohariu, and North Shore. See: Lange (1992a: p.84), and McRobie (1990: p.15).
the New Zealand Party or the Values Party, while the less-enthusiastic working class supporters had nowhere else to take their support in 1987 – apart from non-voting – and were therefore a relatively captive vote for the party. This office-seeking explanation therefore shows that the transformation of the Labour Party during the mid-1980s can also be viewed as an act of deliberate self-change, rather than simply a case of ideological capture. It is undeniable that the radical nature of the Labour Party in government was partly due to the desire by certain sections of the party to bring about some sort of political renewal of the party and expansion of its support base.

These two explanations for the radical reforms – policy-pursuing and office-seeking – are neither mutually exclusive nor incorrect. Both explanations are broadly true, yet there are some problems and weaknesses with them which suggest that they are inadequate as a total explanation for party change, and that a further explanation is required. The first problem with the theories is that they conflict with the essentially technocratic – and thus pragmatic and anti-ideological – nature of the individuals involved. The Labour Party’s new breed of members and MPs were increasingly receptive to technocratic politics in the 1980s due to their social backgrounds. The new type of middle class members that the party attracted were, according to James, representative of an education meritocracy:

> Education had led those education meritocrats into occupations in which they had to use their heads. They were rationalists rather than sentimentalists. Problems could be solved by rational analysis and reasoned proposition. This could and did lead different groups

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70 For the incoming Labour Government then, the adoption of what might have appeared to be an unlikely economic philosophy actually constituted (1) a ‘comparatively low-risk strategy’ in that there was little electoral disadvantage in failing to act in the interests of the working class and (2) one that promised the possibility of a major pay-off in terms of a renewed electoral appeal through gaining the additional support of non-traditional Labour voters (Castles et al., 1996: p.216).

71 See also Trotter (1997m), who argues that the experiences of the Labour MPs in the Third Labour Government played a part in bringing about a party awareness of the need for modernisation. McQueen has argued that the reforms were about political strategy, however they had an ideological result: ‘The political intent of Douglas and Prebble was to capture so much ground right of centre that Labour would replace National as the dominant party’ (McQueen, 1991: p.34).
among them in different directions. They were not bound to the interests of any social groupings, classes or strata. The bonds they had with their base constituency were mental, not ties of blood (James, 1992a: p.242).

Certainly the backgrounds of many of the MPs in the Labour caucus and cabinet were conducive to a technocratic approach. For example, ‘three of the Labour core (Caygill, Peter Neilson and David Butcher) had economic degrees’ (James, 1993: p.70). In fact, nearly three-quarters of the Labour caucus ‘came from the professional class, including nineteen who had been teachers or university lecturers and ten who had law degrees’ (Gustafson, 1992b: p.277). The Cabinet itself ‘contained, among its twenty members, seventeen from professional/semi-professional occupations, including eight former teachers and six with law degrees’ (ibid: p.277). These backgrounds were likely to have had the effect of encouraging them to see the economy as essentially a technical issue. And even the less economically literate in the caucus, when faced with the dilemmas of the New Zealand economy, still saw the options presented to them rather technically as being ‘between more or less state intervention in and regulation of the economy’ rather than as an ideological issue (James, 1993k: p.70). The most typical of the technocrats were lawyers such as Caygill and Palmer. Such Labour members were ‘interested in problems of administration and efficiency primarily, but who didn’t have any deeply felt political commitment’ (Jesson, 1989a: p.76).

Jesson has also painted a picture of Douglas that does not fit well with his ideological image: ‘It is important to stress that Roger Douglas in 1983 was still a politician in search of a policy. Since those days a legend has developed among his admirers that portrays Douglas as a man totally committed to his policies, uninterested in personal glory, and prepared to sacrifice his career when his ideas were thwarted’ (ibid: p.59). According to Jesson, Douglas was never the intellectual and theoretical economic intellect that some have made him out to be: ‘Roger Douglas was receptive to ideas during his years in Opposition, and appears to have had a genuine interest in them. He had never been a deep thinker. The ideas that interest him are practical ideas that provide practical
solutions to practical problems. Nor is he a coherent thinker, but has a habit of scattering unrelated ideas around in all directions’ (ibid).72 Douglas himself provides further evidence of his technocratic nature when he says, ‘The technocratic element of being finance minister is probably one of the most satisfying things you can do. In this job I often envy the person who at the end of the day can build a concrete block wall and see it all level and all there’ (quoted in Wright, 1987: p.31). He also ascribed the origins of Rogernomics to managerial administrators rather than theoreticians: ‘The real contribution to the formation of our policy came from those used to taking practical action – the business people’ (Douglas and Callan, 1987: p.30). Roger Douglas was, therefore, the epitome of the technocratic process within the Labour Party. He was essentially without any consistent economic ideology in the early 1980s, but had instead always been a man of practicalities searching for practical solutions – and not necessarily neo-liberal solutions.

Even over issues that appeared as ideological as the question of the flat-tax proposal, the Labour Government reformers were possibly driven largely by their technocratic impulses. Caygill later reflected on the flat-tax debate, saying: ‘While no doubt this looks like an ideological battle, in fact in many respects it was as much to do with details and numbers as it was to do with principles’ (quoted in Sheppard, 1998b: p.15). This was possibly also the case with social policy, which was one of the biggest areas of dispute during the Fourth Labour Government – and therefore the most ideologically-looking area. Yet James has argued that Labour’s reforms in social policy were also driven more by practical issues than ideology: ‘It has also been less of a conscious shift for its own sake than driven by Budget pressures – which were forced partly by economic policy changes which have demanded the Budget be balanced’ (James, 1990c: p.95).73 Such disputes suggest that many of the technocratic-reforming market liberals appear

72 These arguments are also confirmed by Oliver (1989).
73 While some wanted to extend the welfare state, Douglas’ attempts to reform social policy were pushed by a combination of his need to cut the budget deficit and his pursuit of ideological objectives (aon, 1989: p.109).
to have transformed into policy-pursuing, market libertarians. While Douglas was probably without any deep-seated new right intentions when he began the reforms and could be characterised as a managerial-reforming 'market liberal', he did eventually become a new right 'market-libertarian' while in office.\(^{74}\) Certainly in his later role founding the Act party, Douglas was a policy-pursuing 'market libertarian'.

Policy-pursuing and office-seeking theories also conflict with the reformers' claims that the economic reforms were practical 'means to ends'. For example, the targeting of social provision was not seen as a good end in itself, but a cost-saving means that would allow the state to afford to continue such provision. According to Jesson, 'Labour politicians have constantly argued that their free market policies will provide the prosperity necessary for their social goals' (Jesson, 1987b: p.118).\(^{75}\) This practical logic appealed to many of the Labour left, who put up relatively little resistance to the neo-liberal reforms and mostly accepted them.\(^{76}\) According to Jesson, the Labour left had little interest in ideology: 'Every level of the Labour Party succumbed before the free market and monetarist onslaught. Much of the explanation was an absence of ideology, and a lack of interest in economics' (ibid: p.123).\(^{77}\) In such a situation, many of the Labour left were thus won over to the reforms by the practical – and not ideological – arguments that the deregulated markets would produce greater efficiency, which could then be used to improve equality. Put another way: the Labour left was won over to the idea of neo-liberal policies as good means through which to pursue social democracy rather than good ends in themselves.

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\(^{74}\) In 2003, Douglas professed to have never read Milton Friedman's theories on health and educational reform until after his time as Finance Minister (Dominion, 2003).

\(^{75}\) See also: Vowles, who deals with the claim by senior Ministers of the Fourth Labour Government that 'the ends of Government policy remain constant, it is merely the means that have changed' (Vowles, 1987: p.25).


\(^{77}\) Jesson argues that while 1970s 'anti-intellectualism had served a conservative function' in New Zealand, in the 1980s 'anti-intellectualism facilitated a revolution of the libertarian Right' (Jesson, 1987a: p.124).
They were also won over because their previous economic method - Keynesianism - had not only failed to reverse the crisis, but had made it worse.

A good example of the technocratic element of even the Labour Party left was seen in their approach to asset sales. At the 1988 annual Labour Party conference, 'A formula was worked out regarding the asset sales; they would not be opposed outright, but would be considered on a case-by-case basis' (Jesson, 1989a: p.136). This solution was a compromise between the extra-parliamentary party and Cabinet ministers, and illustrates the ability of both sides to move beyond (or abandon) principles and theory in favour of a practical evaluation of the consequences of each sale. Likewise, the leadership 'justified the [privatisation] programme with practical arguments - debt repayment - rather than defending it as a matter of principle' (Jesson, 1989a: p.141). According to Sheppard, 'For Douglas, the question was one of outcomes - were service outcomes superior from a trading operation in state hands or one responsive to the demands of the market?' (Sheppard, 1999: p.141). This suggests a certain practical or technocratic approach.

In practice the reformers also contradicted many of the neo-liberal economic rules, suggesting they were not so ideologically-driven. For example, the Fourth Labour Government actually increased government spending - in stark contrast to the ideology of supply-side neo-liberal economics. According to James the government spent heavily: 'Between 1984-85 and 1990-91... education spending rose by 45% and health spending by 18%' (James, 1992a: p.137). Furthermore, rather than heralding a new minimalist low-tax state, the Labour Government under Roger Douglas actually increased the taxation take. During the time that Douglas was finance minister, 'the overall tax take as a percentage of GDP went

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78 See also: James (1992a) who argues that practicality led the Labour left 'to conclude traditional social democratic mechanisms did not achieve social democratic ends' (James, 1992a: p.21). Therefore ostensibly left-wing MPs implemented the market-liberal programme, even though they did not start out as market-libertarians or even market-liberals (ibid).
up 6 points' (Perigo, 1997).79 There are many reasons to think Douglas was not at this time entirely wedded to implementing a strict version of neo-liberalism. As Sheppard argues, 'Douglas would never have been able to proceed with his agenda had he actually been just another ideological zealot, a guise in which he is often depicted' (Sheppard, 1999: p.11).

In discussing the issue of whether or not the Fourth Labour Government was primarily driven by a policy-pursuing orientation, James makes the distinction between the categories of 'market-liberals' and 'market-libertarians': 'It is the difference between rational agreement, the quality I have ascribed to market-liberals, and belief, which I have ascribed to libertarians. One is a matrix for finding solutions, albeit sometimes radical solutions; the other is a charter for a new society' (James, 1992a: p.18). James puts the Fourth Labour Government reformers in the first category — that of 'market liberals', and asserts that they were not initially believers in highly ideological concepts such as the minimal state or rampant individualism: 'The 1984-90 Labour Government did not set out to give effect to a "new right" ideology. Its members were not at the outset market-libertarians... They became market-liberals because practicality led them to conclude traditional social democratic mechanisms did not achieve social democratic ends' (ibid: p.21).

All of the above reasons make the policy-pursuing and office-seeking explanations less convincing as full explanations. An alternative explanation is needed which incorporates the convincing aspects of these models, while overcoming their weaknesses. This third model could be characterised as the managerial-reforming model. This sort of behaviour is more likely in times of

79 The idea of ideologically-driven politicians being responsible for party change is less than convincing when it is difficult to ascertain exactly how many MPs were characterised by this approach. Simon Upton estimates that, 'Even at the height of Roger Douglas's influence, I'd be surprised if more than a third of Labour's caucus really believed in the cause' (Upton, 1996a: p.8). Likewise, Jesson says that the true believers of Rogernomics never amounted to any more than twenty, while the rest were prepared to go along with it for technocratic reasons (Jesson, 1989a: p.134). See also: James (1993b: p.91).
crisis, when necessity makes a managerial-reforming approach more dominant than either policy-pursuing or office-seeking behaviour. Arguably those MPs most receptive to managerial-reforming requirements are politicians of a technocratic nature or background and relatively detached from either their traditional party ideology or the party’s traditional supporters. It appears plausible that this is exactly what happened in the Labour Party. Bob Jones, for instance, argues that in the mid-1970s the Labour Party became led by what he labels ‘technocrats’ capable of such reforms, and that such technocrats found themselves suited to resolving the crisis they inherited in 1984:

In a stable society, the conservative party is the natural party of government. But periodically, wider disruptive circumstances, as have occurred in the past decade, dictate massive upheaval and change. It is then the time for the party of reform to carry out these changes, which is precisely what has occurred since 1984. A great soul-searching, which because of their innate conservatism takes many years, then eventuates in the conservative ranks. Younger, more intellectual Opposition members are the first to embrace the need for the reforms, and gradually with the passage of time the conservatives come to accept these as the new order (Jones, 1988: p.42).

Jesson has described technocrats as politicians lacking any ‘deeply felt commitments’ (Jesson, 1989a: p.76). According to James, the main players in the Fourth Labour Government were technocratic in the sense that ‘They were part of the “seminar culture”. The correct answer could be found through earnest and intelligent inquiry and debate’ (James, 1992a: p.142).80 James argues that the conversion to market economics was more a ‘gradually intensifying tendency of thinking in response to practical economic issues in specific circumstances than a conversion to a desirable and universally applicable theory and for that reason logically likely to be limited to provable gains’ (ibid: p.148). Of course, different individuals varied to the degree to which they were technocratic or ideological.

Some writers also argue that the technocrats leading the Labour Party were confronted by economic problems that demanded the general approach that they

80 atom prefers to call these politicians ‘modernisers’ (Easton, 1997: p.38).
took. It is generally accepted that a downturn in the world economy in the 1970s triggered a political crisis that afflicted governments in the West, leading to austerity measures such as neo-liberal reforms. Throughout advanced industrial democracies the preconditions for the existence of welfare capitalism had been a healthy economy in which employers could both 'increase profits and at the same time concede some of the demands of labour, such as pay rises, shorter working hours and the nationalization of key sectors of the economy' (Hewlett, 1998: p.40). According to Berman, because of the ongoing postwar economic boom, mainstream parties of both left and right had been able to, 'deliver increasing material security for workers while at the same time increasing the prosperity of society as a whole.... There was little if any trade off, in this view, between increasing equality and economic growth; social democrats could thus accept capitalism while claiming that they were remaining true to the ultimate values of the socialist movement' (Berman, 1997: p.107).81

Within liberal democracies, parties like the New Zealand Labour Party had become explicitly accommodationist – they came to be integral and respectable parts of the established order, at the same time as their linkages with civil society and their traditional constituencies withered. This was unproblematic as long as social democratic parties were still able to deliver on their traditional promises to their working class constituents. It only became a problem, in the early 1970s, when the economic crisis began eroding the social democratic, historical compromise. All around the world, the social democratic parties, which by now had to satisfy diverse coalitions of support, found this increasingly difficult as each element of social democracy – the welfare state, Keynesianism, and corporatism – were put under pressure and started to erode (ibid: p.107). As early as 1971 Paul Mattick noted, "the conditions under which (the Keynesian

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81 Until the 1970s the profitability of the economy meant that governments could continue to afford more adventurous initiatives, but the reverse occurred when falling profitability made fewer things possible. Parties and governments which manage, or plan to manage, the economy are always constrained by the limits of the market economy, and they must tailor their programmes to suit what is possible under that system.
solution) can be effective are in the process of dissolution' (Mattick, 1971: p.viii). As the crisis worsened through the 1970s and early 1980s, traditional economic programmes were unable to fulfil the demands of their constituencies, which led to the discrediting of the dominant social democratic emphasis on state intervention in the economy. Throughout the West, a similar economic impasse was being reached, which eventually led to fundamental economic change, carried out by parties of both left and right, which might be described as ‘neo-liberal’, ‘free-market’, or ‘monetarist’ economic reforms. 82

There is a general consensus that upon taking office in 1984 the Labour Party was confronted by an economic crisis – both in the sense of an immediate short-term currency crisis, and a longer-term crisis of economic profitability. Marxist political scientist Brian Roper, writing in 2001, has explained that a prolonged economic crisis has plagued governments since the mid-1970s:

From then until the present the economy has suffered from economic stagnation, mass unemployment, recurrent and growing balance of payments deficits, increasing public and private indebtedness, declining real incomes for a large majority of the population, high inflation during the 1970s, and high levels of strike activity from 1968 to 1991 (Roper, 2001: p.545).

Roper has shown how those in control of the state have been forced to resolve this crisis because it affects the state’s solvency, due to a fiscal crisis (whereby the state simultaneously faces rising social expenditure and declining taxation revenue), and due to a crisis of profitability (whereby the economy contracts leading to a reduced standard of living). 83

The globalisation of the world economy was also having a significant impact on New Zealand. The increased mobility of capital – and particularly multinational companies – along with the growth of financial markets beyond governmental control has meant that there has been a reduction in the powers of national

82 See Chapter One (Part One) for an outline of social democratic parties implementing these reforms.
governments to use traditional social democratic levers to run the economy. This has been said to encourage a convergence throughout the world around a neo-liberal economic policies.

Therefore after the 1984 election, the serious economic problems confronting the new Labour administration, together with the changing place of New Zealand in the world economy, meant that the Cabinet ministers had little space for ideological debate, but had to implement what they perceived as the obvious economic prescriptions that were increasingly common throughout the Western world. Therefore, rather than leading any ideological revolution or establishing new theories, Douglas and his government were merely replicating the new orthodox solutions to the same problems that other countries were facing. In Australia, France, Spain, the United Kingdom, and the United States, neo-liberal measures were already being implemented. In following these newly orthodox solutions the New Zealand Labour Party was really only sailing with tides that were already altering politics and society. Furthermore, Keynesian policies had been discredited because, when they were applied to the economic malaise that followed the end of the economic boom, these ‘solutions’ actually made things worse, increasing stagflation. By the time the Fourth Labour Government arrived in office, such policies were no longer an option, and the range of possible solutions to the economic crisis had been reduced.

84 Most prominently Margaret Thatcher begun a programme of neo-liberal reforms in 1979, Ronald Reagan in 1981, and in Australia the Hawke-Keating Labor Government carried out similar reforms from 1983. According to Paul Kelly, ‘there was a shift towards such policies in West Germany, the USA, Canada, Netherlands, Belgium, Japan, Sweden, Denmark and Norway’ (Kelly, 1999: p.235). All around the world, including in the former command economies of the East and in the newly industrialising nations, there has been a substantial movement to embrace the market. Such neo-liberal agendas were not pursued uniformly, and initially the variations were considerable. But ultimately all these Western nations at least took a broadly neo-liberal approach of reducing government spending, reducing government debt, privatising state-owned industry, focusing on anti-inflationary measures, shifting away from progressive income taxes, and reducing entitlements to welfare measures.

85 Keynesianism could not explain stagflation – according to Keynes’ theory, such a phenomenon could not exist. See for example Mattick (1971; 1978). Mattick notes how ‘the combination of economic stagnation with inflation, which destroyed both Keynesian theory and the neo-Keynesian synthesis that had passed as the standard theory of economics’ (Mattick, 1978: p.viii).
However, the neo-liberal reforms were arguably carried out to a greater extent than anywhere else, and this was due (in part at least) to the fact that the economic crisis was more intense in New Zealand than elsewhere. By freezing the economy for almost a decade, Muldoon unwittingly forced the Labour Party into a much more radical reform programme than would otherwise have been contemplated. It is obvious, therefore, that regardless of which party was in power during the mid-1980s, there would have been some significant neo-liberal economic and social restructuring. As James argues, policymakers, even if they had wide discretion as to detail, had little choice about the general liberalising direction they took. The internationalising and globalising world economy made it increasingly difficult for economies ranging from Albania to Zambia to follow nationalist economic policies that denied, defied or distorted world financial and market realities (James, 1992a: p.279).

This argument that the general direction of change was inevitable is broadly agreed upon by academics and journalists as diverse as Boston and Holland (1987), James (1986a; 1987;1992a), James and McRobie (1990), Roper (1993), Easton (1999a: p.5), and Dalziel (2001). Therefore while there might have been a variety of responses possible within this broad need to restructure the economy to improve business profitability, they all fell into a general neo-liberal direction. There is, therefore, a large element of truth in the argument made by the reformers that the changes were driven more by economic

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86 Other reasons that the implementation of neo-liberal reforms were more severe in New Zealand are given by Boston and Holland (1987), Nagel (1998: p.231), Castles et al. (1996), Mulgan (1997b: p.265) and Vowles and McAllister (1996). Many of these explanations relate to political-level theories about change — such as the nature of the constitutional structure which enabled the government to push through unpopular reforms.

87 Roper (1991) and (1993) has tried to explain in structural terms, from a Marxist perspective, the changes that New Zealand has experienced in the last twenty years, which he categorises as the historic shift from ‘Keynesianism’ to ‘neoclassicism’.

88 Boston and Holland point out that ‘it was evident that whichever political party won the 1984 General Election some important policy changes would be essential’ (Boston and Holland, 1987: p.6). Similarly, Simon Walker has said, ‘Any administration elected in 1984 would have faced the need to urgently remedy inefficiencies which had been tolerated for two decades’ (Walker, 1989: p.208),
practicalities than by theoretical dogma. Throughout his writing on the period, James reinforces this argument. Agreeing with the claims of the reformers, he has written that the Fourth Labour Government’s ‘attraction to the policy lines that developed was based on an assumption that economic liberalisation was the most practical solution to the country’s large economic problems’ (James, 1997b: p.19).

This focus on the belief of ‘practical solutions for practical problems’ points to the fact that in the absence of a strong intellectual or ideas-based propensity the Labour Party had become strongly characterised by a technocratic impulse. The Labour Party leaders came to be converted to the economic reforms due to the political nature of the individuals as rationalists or technocrats. These politicians were not deeply imbued with their party’s social democratic ideology and the need to further such an agenda – far from it, they were open-minded rationalists and therefore receptive (or susceptible) to non-traditional and innovative solutions to the economic crisis. This meant that rather than merely being policy-pursuers attempting to implement a pre-conceived economic vision, or office-seekers pursuing popular solutions, they had become managerial reformers. Being the administrators in an economic crisis that demanded a return to greater business profitability meant that the parties and politicians were pushed to take a market liberal approach rather than them voluntarily and deliberately wanting to implement the neo-liberal policies demanded by business groups like the Business Roundtable. 89

Despite the managerial-reforming nature of the reforms and reformers, the leading actors often attempted to sell the reforms as having some theoretical basis, which sometimes gave the government the appearance of being policy-pursuing. As Peter Dorey has argued about Thatcherism in the UK, ‘Policies

89 Business was divided on most economic issues. Throughout the neo-liberal reform period the Manufacturers Federation and the Business Roundtable had very different interests and stances on the economic reforms. See Roper (1993).
have often been adopted in response to extraneous pressures and circumstances, even though Governments will usually attempt to present their responses as part of their ideological repertoire or long-term strategy' (Dorey, 1995: p.314). Dorey says, in regard to Thatcherism, that the reforms 'were presented as part of an ideological project rather than a pragmatic response to unfavourable economic circumstances and constraints' (Dorey, 1995: p.308). It seems likely that the reformers often used ideology to justify and sell their reforms because it provided some intellectual or reasoned basis for their actions. This is a point made by Przeworski in discussing the use of ideology in rightward shifts by social democratic parties throughout the world:

> Each of these innovations was rationalized by a theoretical blueprint.... Each policy regime found a theoretical articulation founded in contemporary economic theories. Even if some ideas were formulated only after the policies they justified were already being implemented, they had an autonomous effect on routinizing the particular policy regimes by persuading the elites, and even the masses, that these policies are based on reason (Przeworski, 2001: p.327).

In a similar way, Easton has argued the shift in power from the 'old right' to the 'new right' in the mid-1980s 'could not be justified by an external threat, corruption, or communal tensions, as happens in the Third World, so the new coup leaders used an ideological justification for their seizure of power. Conveniently, the Treasury and the New Right offered such a dogma' (Easton, 1997a: p.227). Here Easton confirms that the theory of neo-liberalism was more of a justification than a cause of reform. Jesson also points out that in the New Zealand case, too, the ideology of the reforms came out of the reform process rather than the other way around: 'It wasn't a case of political ideas affecting the exercise of power, but of the exercise of power producing a change in the dominant ideas' (Jessen, 1987a: p.128).

The story of the restructuring shows, therefore, that crises open up 'policy windows' which, while not always dictating the choice of one particular solution, give the administration a few possible courses of action that must be taken, and sometimes these are bold ones. In this case, the Fourth Labour Government was
forced to respond to a crisis of business profitability, with the only viable options taking the reformers in a general neo-liberal direction— as was the case in other countries because the Keynesian solutions had failed. Taking up the remarkable strategy that they did, it seems likely that the Labour reformers were (1) primarily reacting to events; (2) also pursuing an ideological policy agenda; and (3) also seeking ways to reconfigure that support base in such a way that would facilitate their retention of office. These are all compatible and valid explanations, and this thesis argues that while much of the literature has focused on the second explanation, the first one is the most significant, as the second and third explanations have weaknesses that the first overcomes.

National Party (1984-93)

On the left-right political spectrum, National had been leap-frogged by the Fourth Labour Government implementing its new right revolution, leaving National with an ideological identity crisis. Between 1984 and 1987, National was in a state of political flux, with the existence of significant and bitter divisions over policy and leadership hampering the party. Leadership changes heralded continuing ideological shifts in direction, with Jim McLay replacing Muldoon in November 1984 and taking the party on a hard-line neo-liberal road. McLay, a ‘moderniser’, sought to regain National’s policy position to the right of Labour by agreeing with most of what Douglas had done yet identifying elements of it to criticise.

McLay was not, however, able to position National in such a strong policy-pursuing position, because much of the party was either pragmatically opposed

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91 See: Collins (1987: p.162), Upton (1987), Gustafson (1986; chapter four), and Campbell (1985: p.9),
to this shift or simply did not agree with the neo-liberal economic philosophy. National Party traditionalists were still tied to the postwar consensus and wished to take advantage of the discontent that Rogernomics was causing in the electorate – especially in National's traditional farming constituency. Therefore they wanted National to take a more office-seeking and centrist approach, effectively putting the party to the left of Labour on economic issues. These traditional and modernising factions became increasingly visible and solid, and their existence was apparent in both the party organisation and caucus. 92 McLay's 16-month attempt to get his party to cross the new economic divide was thus halted in March 1986 when he was challenged and replaced by Jim Bolger, who then moved the party away from such an ideological (policy-pursuing) approach. McLay's downfall was, according to Ruth Richardson, caused by a belief amongst MPs that McLay was making the party too radically free-market. 93

National was also divided on societal issues, possessing a dominant social conservative faction as well as an increasingly socially liberal component. Throughout the mid-1980s, the two major parties were therefore polarised on the issue of visits by nuclear ships. Labour had banned nuclear ship visits, and until 1990 National maintained its support for the ANZUS alliance and therefore also for ship visits. On a number of other societal issues the party remained conservative. For instance, in 1987 National campaigned on the need for a referendum on capital punishment. During this period it also opposed Treaty of Waitangi land settlements and the establishment of the Ministry of Women’s Affairs.

Throughout the late 1980s National continued to be plagued by divisions on economic issues. The ‘free marketeer’ group headed by Ruth Richardson and Simon Upton was in open conflict with the populist ‘interventionist’ faction.

93 See: Richardson (1995: p.39). Alternatively, McLay’s dumping has been seen as a result of taking key National politicians off the front bench (Gustafson, 1986: p.164).
epitomised by Winston Peters and Muldoon. That the party was now led by Bolger – a traditional and very pragmatic leader – meant that at the 1987 and 1990 general elections National had the appearance of renouncing Rogernomics and wanting to return to the postwar consensus. Yet as with Labour in 1984, the party leadership was being deliberately ambiguous in order to satisfy the left and right internal camps. However, the party system within Parliament was totally mixed up, with more common agreement on many issues existing across party lines rather than within the parties. Even in 1987 ‘National Party politicians frequently made speeches, about the closure of hospitals or the reduction of protection for industry, for example, that put them closer to the dissident “left” on the Government’s back bench. Winston Peters could easily have followed his party line from within Labour’ (James, 1992a: p.256).

In one sense it might seem surprising that any of these issues caused such a problem for National. Traditionally an office-seeking party aligned with ‘the Establishment’, National had been relatively unconcerned with ideology and political programmes. The adoption of a new programme supported by dominant business interests should therefore have been easy for the party. Being pragmatic rather than ideological, traditionally National could shift more easily than Labour in response to public moods or economic necessity. The first problem, however, was that much of the public mood and economic necessity pulled in different directions – the reforms were increasingly unpopular with voters. The second (related) problem was that National had become

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94 According to Gustafson, ‘In economic matters Bolger wanted a pragmatic centre-right party that tried to combine features of Muldoon’s interventionist and Quigley’s free market approaches’ (Gustafson, 1986: p.151).

95 The term Establishment is used to cover what Stallybrass (1988) calls the ‘ill defined amalgam of institutions, social classes, and forces which represent authority, legitimacy, tradition and the status quo’ (Stallybrass 1988: p.284 – cited in Easton, 1997b: p.211). Easton (1997b) also says: ‘The expression “the Establishment” is used here to cover the group of men (and latterly some women) who are most closely involved in the governing of New Zealand. It includes key politicians, businesspeople, and public servants who are influential in decision-making, have a commonality of vision and a networking of relations. To say there is an establishment is neither paranoid nor conspiratorial. Overseas political analysts discuss the notion endlessly, recognising that there is an ambiguity in the term and a number of meanings’ (ibid: p.211).
disconnected from its Establishment (or business base), being surpassed by the ruling Labour Party. Generally the National Party had, during the 1970s, become much more of a catch-all party than ever before, and the breakdown in the party's class ties meant that it was less sensitive to the economic necessity of restructuring the economy to improve profitability, while at the same time it was more sensitive to the effects of neo-liberal reform on ordinary working class voters. Thirdly, as Berman argues, 'A party's sensitivity to changing environmental imperatives and its ability to formulate responses to them... will depend on the party's internal configurations' (Berman, 1997: p.110). In the case of Labour in the 1980s, the party was very easily transformed because of its changing class composition, shallow internal democracy, and relatively low membership. National, on the other hand, found the transition to neo-liberal economics more complicated because it was more of an organisationally entrenched mass membership type of party.96

Within the party organisation, however, there had been forces attempting to shift National's economic ideology to the right since the early 1980s. At this time the two top positions were held by party 'modernisers' – Sue Wood (party president) and Barrie Leay (general secretary). However, momentum for ideological change was lost, first with the departure of Leay, and then in 1986 when Neville Young replaced Wood. In 1989, however, Young was replaced by John Collinge, a strong advocate of the free market who believed in National completing the Roger Douglas programme.97 It was therefore not until that year that National properly took up its neo-liberal economic approach and more socially liberal policies (a, 1992: p.255).

96 As will be seen in Chapter Six, such parties have a 'mass membership, formalized interactions among members, and a large bureaucracy' which mean that they have 'trouble responding flexibly to challenges' (Berman, 1997: p.111).

97 There appeared to be a general consensus within the party in favour of the policies of deregulating the labour market and reforming the welfare state. And such policies were hardly surprising in light of National's general antipathy towards unions and beneficiaries (James, 1990a: p.69). See also: Kelsey (1995: p.39).
Although appearing to be more radical, non-centrist, and policy-pursuing than it had been for some time, National in the late-1980s was still a relatively pragmatic party. That the National Party was capable of adopting policies for office-seeking reasons should be beyond question. Their adoption in 1990 of Labour's policy on ANZUS and nuclear-ship visits, for example, was very clearly due to pragmatic calculations. The ideological nature (or lack thereof) of the party was epitomised by the leader. Although sympathetic to market economics, Jim Bolger was largely without a personal political philosophy. Therefore, for most of the Bolger era of the late-1980s National was highly ambivalent towards Rogernomics. Richardson notes of the party in 1987, that it was 'Afraid to pin our colours to the cause of reform, but also afraid of being painted as Muldoonist, we chose a muddled, middle course that was full of contradictions' (Richardson, 1995: p.38). Therefore the manifesto of that year's election was shaped by internal policy battles and lacked any strong ideological coherence. Ironically, pragmatism decided the strategy and possibly helped lose the election: 'National expected to win the 1987 election on the grounds that Labour could not hurt as many people as it was doing in pursuit of economic theory and survive. It took a shattering defeat in that election to give the ideas-people in the party the lever they needed' (James, 1992a: p.261).

Following the 1987 defeat Richardson succeeded in becoming 'National's fifth finance spokesperson in less than three years' (Richardson, 1995: p.41). By the

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98 According to Wayne Eagleson, National's 1993 campaign director, 'If we hadn't changed our policy, the whole election campaign would have been fought on the nuclear issue' (quoted in Nagel, 1998: p.256).

99 According to James, Bolger 'was in the old functionalist mould. His mate Bill Birch, architect of the "think big" heavy industrialisation programme, was likewise' (James, 1992a: p.261). Later, after National had adopted and implemented its new right programme, Jesson criticised the National cabinet for their lack of principles: 'They are people with no definite beliefs. They will accept whatever is convenient, even a nuclear-free foreign policy if that is what it takes to ensure public acceptance. People of no definite beliefs can be easily dominated by those with a dogmatic point of view, which seems to be what is going on now' (Jesson, 1991b: p.147).

100 See: Kelsey (1995: p.39). According to Richardson, 'in the area of the labour market, for instance, our policy was weak and half-hearted. There were other elements of our policy that could only be described as Muldoonist, such as the pledge to give a subsidy for every new job created in the regions' (Richardson, 1995: p.41).
late 1980s, she took on much of the responsibility for assembling National's economic policy, and set out to bring National into line with the new deregulated economy – most notably in convincing the party to accept the Public Finance Act and the Reserve Bank Act (ibid: p.47). Both Jim Bolger and the National Party then underwent a significant political transformation in the year prior to their election to government. Even as late as the beginning of 1990 Bolger announced that ‘growth would replace low inflation as the principle economic goal under a National government, and that National would aim for growth of at least 3 per cent. According to [Bolger], Labour's target of 0-2 per cent inflation by 1992 would be abandoned' (ibid: p.63). Similarly in 1989 Bolger was uncomfortable with criticism being made by National that the Labour government was lowering import protection too slowly, yet by 1990 he was ‘signing up to further reductions in import protection’ (ibid: p.65). Bolger was not totally converted to a hard-line new right position, and in areas such as the superannuation surtax he wanted National to commit to repealing Labour's surtax in the first budget instead of just the first term (ibid).

In power between 1990 and 1999, the National Party was often either derided as being ideological or respected for displaying conviction, yet it was in fact somewhat more pragmatic than history has so far recorded. Certainly at the beginning of the National's nine years in office, the more ideological and free-market orientated MPs such as Ruth Richardson, Simon Upton, John Luxton, Maurice Williamson and Max Bradford held sway. They convinced the pragmatic middle faction of conservatives like Jim Bolger, Bill Birch, Jenny Shipley, Don McKinnon and Doug Kidd to implement much of their radical programme. Fighting against this alliance were moderates like Winston Peters, Philip Burdon,

101 Simon Upton also became a key new right ideologue in the National caucus – but was moderating his economic approach. During his time studying at Oxford University in 1988, he moved away from the highly individualistic brand of liberalism argued by the Austrian anti-fascist Friedrich von Hayek in favour of more moderate social contract theory (James, 1990a: p.73). Likewise, many senior members of the party, such as John Falloon and Philip Burdon, remained 'private enterprisers rather than free enterprisers' (James, 1990a: p.75). According to James, in 1990 'About half a likely Bolger Cabinet would fit roughly into this description' (ibid).
Michael Laws, Christine Fletcher, Wyatt Creech, Peter McCardle and Doug Graham. Roughly these factions constituted the right, centre, and left of the party.\textsuperscript{102} The breadth of ideological viewpoints in the National caucus was illustrated by the departure of a large number of MPs from the party between 1991 and 1995. The first to go were the moderate first-term MPs Gilbert Myles and Hamish MacIntyre, both of whom opposed National’s cuts to superannuation, health, education and social welfare. Departing in 1991 to set up the Liberal Party, Myles and MacIntyre’s move was highly significant, as this was possibly the first time that more than one MP had split from a party in Parliament.\textsuperscript{103}

In its first term in power, the Fourth National Government was undoubtedly a bold one. The reformers implemented wave upon wave of unpopular reforms that were genuinely radical, pushing into areas that the previous Labour government had not been able to agree upon. The 1991 budget, in particular, was the defining moment of the Richardson period. It represented a fundamental change in social philosophy for the government and was undeniably radical and highly ideological. It brought together the various social and economic reform policies of the government into one programme. It slashed welfare expenditure, and introduced student loans and hospital part-charges. In the same year, the introduction of the Employment Contracts Act (ECA) also made fundamental changes to workplace conditions, altering labour relations in favour of employers.\textsuperscript{104} The government immediately moved to substantially cut government expenditure and rein in the deficit. A central part of this was achieved by restructuring the welfare state and cutting benefit payments by $1.6 billion a year. The government vowed to make the public pay more for their own welfare and social services through user part-charges.

\textsuperscript{102} See: Trotter (1993e: p.20).

\textsuperscript{103} For more on the Liberal Party, see: Laws (1998a: pp.107-108).

\textsuperscript{104} However, even in reforming the labour laws, National was viewed by some employers as giving in to the pressure of workers by extending the personal grievance procedure to non-unionised staff and retaining the Employment Court (Robertson, 1999b: p.20).
National's 1990s programme was largely a continuation of Douglas' economic agenda. Yet there were differences – particularly in its stronger attempts to rein in the fiscal deficit. By extending Labour's economic privatisation forces into social policy, National was carrying out what Labour had been unable to agree on. Part of the reason for this extremism was because the finance minister, Ruth Richardson, was fundamentally a policy-pursuer rather than just a technocrat attempting to fix the economy. As James points out: 'Ruth Richardson... was not interested in cutting the Budget deficit simply to make the books look better. As she made plain in a number of interviews, cutting the deficit was part of the "redesign" of the welfare state, not the other way 'round' (James, 1992c). Also, initially Richardson could more easily dominate Cabinet than Roger Douglas had been able to because the 1990 National Cabinet contained at least twelve free-market supporters. Some key National Party MPs were also inclined towards policy-pursuing behaviour in the late 1980s and early 1990s. For example, Simon Upton's thinking was very influenced by neo-liberal economists and he influenced others (James, 1992a: p.89). The policy pursuers were briefly very dominant in the National Government. According to James, Bolger, 'took command of Richardson's economic and social policy as his own. Birch, from Bolger's vintage, was persuaded to a hard line on labour market deregulation. So Richardson and Upton, with determined support in social welfare from Jenny Shipley who cut benefit rates, stamped the Government with a radical, ideological cast' (James, 1993b: p.91). Richardson and her Cabinet supporters and Treasury held sway for the first year (or 16 months at most) after which a second phase began where reforms slowed in the lead-up to the 1993 election.

105 The reforms of the incoming government were, although radical, still essentially a continuation of Labour Party reforms. As James has put it, the fiscal reforms of Ruth Richardson, 'just carried on a story line already well under way' (James, 1993e: p.62).
107 According to James, 'For its first nine months in office National was driven by its radical ideologues' (James, 1993b: p.91).
James has identified two major areas where National made significant reforms that were more ideological in origin than merely driven by economic exigencies. He says that in both social services delivery and income maintenance 'the Bolger Government was, uncharacteristically for National, driven by ideas. In carrying through some of the not-quite-finished economic changes, it was likewise driven by ideas' (James, 1993b: p.82). Likewise, the introduction of the ECA was the clearest example of radical ideology at work. According to James, this industrial legislation 'was the most extreme deregulation since that of the financial markets in 1984-85' (James, 1993e: p.38). Jesson also argued 'that the government's policies are motivated by ideology rather than necessity' (Jesson, 1991d: p.146). This was evident, he said, in that many of the key National Government policies were not intended to solve budgetary problems:

The ideological nature of the government's policies is demonstrated by the fact that in many cases they will have no effect on the budget deficit at all. The Employment Contracts Act is one example. The changes to the structure of the health system are another: they are intended to commercialise health spending rather than save money (Jesson, 1991d: p.146).108

Many of these reforms were unsignalled, and viewed by the public as broken promises.109 Yet National leaders sought to dispute the idea that the party was introducing a hidden ideological agenda by claiming that the reforms were the necessary response to the fiscal crisis that National inherited upon its election.110 After coming to power in November 1990 Bolger and his Cabinet were indeed forced to confront the economic problems left by Rogernomics. The government was faced with massive company collapses and rocketing unemployment. The

108 Jesson also argued that despite the radicalism of this period, there was still a foundation of pragmatism to the National Government: 'Once its initial conservatism has been overcome, however, National proves to be a malleable party because there are no definite principles to be overcome' (Jesson, 1990e: p.151).
110 This was somewhat disingenuous however, as the National Party's 1990 election platform was drawn up in full knowledge of the real fiscal position of the government, and Bolger and Richardson had argued in the election campaign that Labour's forecast budget surplus was a sham. See: Jesson (1991c) and Dalziel (1992).
case of the neo-liberal policy-pursuers was augmented by the immediate dilemma of the Bank of New Zealand near-insolvency\textsuperscript{111} and the government’s fiscal crisis. Treasury advice was that the state’s spending crisis ‘could be met only with drastic spending cuts’ (James, 1993e: p.33). Bolger’s situation was remarkably akin to that which David Lange found himself in when coming into government in 1984. In both eras the prime ministers were forced to respond to crises, and did so with tough policies that allowed them to appear as strong reformers.\textsuperscript{112} Richardson and Treasury presented Bolger with the practical solutions that involved cutting social services expenditure and continuing deregulation and restructuring. Being ideologically weak himself, Bolger was initially susceptible to being carried away with Richardson’s ideological programme. He signed up to the programme completely and helped the hard-line right of the party defend their initiatives against critical backbench MPs. But even within the Cabinet, ministers like Wyatt Creech were unconvinced of the extremity of the reforms and constantly struggled against Richardson’s agenda. He was sometimes supported by other moderates such as Birch, Burdon and Graham.

In non-economic politics the Bolger Government proved to be characterised by both conservatism and liberalism. As James argues, the government was ‘conservative in the sense of the centrality of the family in social and individual affairs, preferring minimal change, operating and preserving the status quo and taking an interventionist moral stance on, for example, crime and punishment, religion, [and] pornography’ (James, 1993b: p.92). And, of course, on law and order issues the National Government was unsurprisingly conservative, bringing in harsher sentences and 900 more police. Also, in making John Banks the Minister of Police, National had a very conservative law and order minister.\textsuperscript{113} On

\textsuperscript{111} See: Trotter (1999d: p.16),
\textsuperscript{112} See: James (1993e: p.32), and McLoughlin (1997d: p.40),
\textsuperscript{113} James also labelled Shipley’s welfare reforms as socially conservative rather than economically liberal: ‘In formulating post-1990 social security policy Shipley explicitly required young solo mothers and unemployed to look first to their families before turning to the state for help. The standdown period for newly unemployed was partly
environmental issues the government was also more conservative than Labour. In 1992 the Government abandoned the target set by the Labour Government of reducing carbon emissions by 20 per cent. It also 'slightly relaxed conditions on logging native forests', while 'changes to resource management law in 1993 weakened the protection for the Queen's chain beside all waterways' (James, 1993e: p.61). Furthermore, the Department of Conservation's budget was also cut each year in real terms (ibid).

Yet the new government was not entirely conservative on societal issues – National also inherited and adopted socially liberal positions from the outgoing Labour Government, such as the 'anti-nuclear defence policy, commitment to accord partner status to Maori and much greener resource management proposals' (James, 1993b: p.82). Also, James argued that on the issue of homosexual rights, 'The party of deep moral and civil rights conservatism, however, proved surprisingly liberal' (James, 1993e: p.57). And while National had previously suggested that it might close down the Ministry of Women's Affairs, Jenny Shipley heaped praise on the ministry and it survived the government's review. In race relations, too, a new consensus began to form in 1990 when it gained the strong support of Bolger and Treaty Negotiations Minister Doug Graham. Prior to this – and as late as 1988 and 1989 – Bolger had attacked the Labour Government's Treaty settlements. After becoming prime minister, however, he claimed the initiative and courage of settling Treaty grievances.114

intended to encourage a family-orientated first response. A classical liberal approach would focus on each individual separately, regardless of family context. The family focus reminds us of the conservatism [of the National Party]" (James, 1993b: p.93).

114 See: Hubbard (1999b: p.C6), and James (1994o: p.15),
The New Parties (1989-93)

In the 1989-93 period, a number of new minor parties were – mostly – established to further various ideological causes. The establishment of these principle-based vehicles brought about an increase in the policy-pursuing propensity and radicalism of the New Zealand party system. These included the NewLabour Party (which formed in 1989 and contested the 1990 general election before forming the Alliance), the Christian Heritage Party (which formed in 1989 and has contested each election since, including the 1996 election as part of the Christian Coalition), the Green Party (which formed in 1990 and contested every election since, including the 1993 and 1996 elections as part of the Alliance), Act (which first formed in 1992 and has contested every election since 1996), and the New Zealand First party (which formed in 1993 and has contested every election since). All these parties were at their most radical in this 1984-93 era, before moderating themselves in the post-1993, MMP transition period. Mostly they embodied centrifugal competition and policy-pursuing behaviour.

NewLabour Party

As a direct result of the Labour Party's lurch to the right after 1984, the NewLabour Party was formed in April 1989 to fill the gap left unoccupied by Labour on the left of the political spectrum. By calling themselves the NewLabour Party the founders indicated that they believed that they were the real Labour Party and that they intended to supplant the old Labour Party as the mass social democratic party in New Zealand. However, the formation of the NLP involved not only ex-Labour Party members but also a number of left-wing groups, independent socialists, and those political activists drawn from the 'new social movements' – all of which pushed the party to be more radical than its leader, Jim Anderton, wanted it to be. This 'splinter party' was clearly a policy-pursuing party, and initially the NLP contained substantial debate and interest in issues of socialism. This was reflected in the party constitution asserting the desire to build
'sustainable socialist society'. The ideology of the NLP was a diverse affair, reflecting the nature of the party membership's diffuse beliefs and political backgrounds. Its economic framework represented a defence of the achievements of the first three Labour governments. An NLP government would, therefore, attempt to roll back the economic reforms of the Fourth Labour Government and reintroduce a comprehensive wage-earners welfare state. This involved a high taxation policy and universalist welfare measures. However, this essentially 'statist' ideology was mixed with a somewhat contradictory emphasis on 'community control' of many non-economic affairs.

These traditional social democratic politics were blended with some postmaterialist values — due primarily to the existence of a strong social liberal grouping in the party. For example, the NLP's strong environmental identification was recreated as a form of 'eco-socialism'. The radical left with backgrounds in Marxist politics were also influential in creating an internationalist ideology present in the party's foreign policy. The diverse nature of the NLP origins served to determine that rather than being simply another labour party, a social movement, or a revolutionary party, initially it was, instead, a new kind of hybrid — albeit one heavily dominated by the ideology of social democracy. In the end, the policies that the NLP offered electors in 1990 were reflective of its dominant ideology of belief in a strong state. Of particular importance to the party's election platform was re-nationalisation of state assets, the heavy re-regulation of the economy, and a high taxation and expenditure policy.

**Christian Heritage Party**

The New Zealand party system had been relatively unaffected by religion, lacking overtly religious parties. But this changed with the creation in July 1989 of the Christian Heritage Party (CHP). The CHP was initially a hard-line party of the

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115 See Chapter Four. Some parties have, however, at times had strong religious internal elements and electoral support.
right, with very conservative social policies and extreme free-market economic policies. This traditional Christian party was generally judged at this time to be ‘considerably to the "right" of National’ (James, 1993: p.140). It was a classic ideologically-motivated cause party. According to Trotter, the impetus for the founding of Christian Heritage ‘came from the evangelical churches’ experience of the Homosexual Law Reform Bill debate in the late 1980s.... This failure prompted a number of fundamentalist and conservative Christians, especially from the Baptist community, to try their luck in the electoral marketplace’ (Trotter, 2000b: p.15). Reflective of these more traditional and conservative churches, the party published a manifesto in 1990 that was remarkably right-wing. Even party leader, Graham Capill commented a decade later that, ‘Our original manifesto sometimes put things very harshly and lacked compassion’ (quoted in Bain, 2000a: p.12).\(^{116}\)

The 1990 election platform was strictly biblical and made a strong pitch for the conservative family values vote (Campbell, 1996b). The manifesto showed the party to be anti-abortion, pro-censorship, anti-homosexual, and in favour of the death penalty. The party was fiercely anti-collective in ideology, and this was reflected in its economic policies, where the party wanted the new right reforms carried much further. For example, the CHP wanted a negligible welfare safety net, and public health replaced by a compulsory health insurance scheme.\(^{117}\)

**Green Party**

The Green Party traces its origins back to the Values Party. Like that party, the Greens started life with a very diverse set of philosophies and personnel. The party was created out of the revival of political environmentalism in the late-

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\(^{117}\) In the 1990 election, Christian Heritage stood in 18 electorates, winning 9591 votes or 0.5 percent of votes cast. It improved its vote in 1993, standing in 98 seats, winning 2 percent of votes, and performing very well in the regions.
Chapter Two: Post-Consensus Radicalisation

1980s when various environmental candidates contested local body elections throughout New Zealand. Various green strands then came together in May 1990 and formed the Green Party of Aotearoa/New Zealand. It fought the 1990 general election, winning an average 8.9 percent of the vote in those electorates it contested and 6.3 percent of the total national vote.

The Green Party of 1990 was notable for its genuinely anti-party and anti-political nature. Consequently much of the identity and nature of the party was based around issues of process rather than politics. A central belief in decentralised democracy guided them from the start, and compared to today's professionalized and institutionalised Green Party, the original party was rather utopian and amateur. Instead of operating like the other parties, the Greens spurned conventional leaders, policies and politics, which helped them capitalise on widespread voter discontent. The new party was thoroughly postmaterialist, with policies that indicated the influence of members who had been involved in progressive politics against war, racism, and sexism. In this sense the party was a continuation of the new social movements of the 1960s and 1970s. As well as having radical views on environmentalism and decentralised democracy, the party also heralded issues like republicanism. Although in 1990 the party had little agreed upon policy, various candidates spoke about many controversial issues, such as marijuana legalisation, voluntary euthanasia, republicanism and so on. The Greens therefore were perceived as a radical challenge to mainstream materialistic culture.

From their founding, the Greens involved a coalition of at least three tendencies: pragmatic environmentalists, eco-socialists, and the more mystical green lifestylers. The eco-socialists come out of a radical tradition of building an

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118 A large element of the Green Party was an emphasis that 'was very much on building an "anti party party" with a strong regional focus' (Rainbow, 1991b: p.88).

119 In other countries, and in particular Germany, it is more common to distinguish between the 'realsos' and the 'fundis'. The realsos — or 'pragmatic environmentalists' — are more interested in parliamentary results and
egalitarian society and believe in some sort of class struggle. The pragmatic environmentalists are more narrowly concerned about protecting the environment and are therefore not necessarily left-wing or right-wing — and some in the Greens definitely came from both sides. Such people often came out of action-focused green groups. The mystical green lifestylers are sometimes referred to as the hippies, 'who see being green as a question of lifestyle based on a quasi-religious holistic paradigm' (Rainbow, 1991a: p.31). According to James, they 'have an almost mystic approach valuing intuition over rational science and extolling wholeness and spirituality in contrast to the one-dimensional focus they see in industrial societies' (James, 1993p: p.101).

At this time the Greens were of an ambiguous political persuasion involving candidates and members from across the political spectrum. Leaders like Stephen Rainbow were of a definite right-wing ideology,\textsuperscript{120} while future Green MP and ex-Communist Sue Bradford joined for only four months finding the party far too conservative and later declaring her involvement an embarrassing mistake. According to one report, 'Bradford says she found the Greens to be either ignorant of or hostile to worker and union issues. She describes two kinds of Greens: hippie dropouts content to make pots, be creative and smoke dope; and those who are quite right wing, "who think it's fine to send the unemployed out to work for the dole as long as it's work that is environmentally sound like cutting bush tracks"' (Legat, 1993: p.68).\textsuperscript{121}

At various stages since the formation of the party in 1990, the strength and influence of these tendencies has changed dramatically. At its launch, all three tendencies were strong, but due to the ethereal nature of the party organisation there was no real indication of what the strengths of the tendencies were and the pragmatism while the fundis — or 'eco-socialists' and 'green lifestylers' — have taken more uncompromising and principled decisions.

\textsuperscript{120} Rainbow, along with Guy Salmon of the Mariua Society, later stood as National Party candidates in 2002.

\textsuperscript{121} Later in 1999, Bradford returned to the Green Party and became a list MP in the election of that year.
three competing tendencies prevented any one message being delivered to voters in 1990. Following the election the opportunity of becoming involved in the Alliance pushed some of the mystics and conservative pragmatists out of the party. The eco-socialist tendency then dominated.

In 1991 the party decided to involve itself in the new Alliance party being formed, and this decision put the Green Party on a definite left-wing trajectory.\textsuperscript{122} Leaders like Rainbow became marginalized and left the party. The departure of such pragmatic environmentalists led to the formation of the separate Progressive Green Party, and some of the departing mystic-oriented environmentalists set up the Green Society. These departures further pushed the Green Party towards a left-wing programme more in-line with the dominant group in the Alliance, the leftist NewLabour Party.

**The Alliance**

Contributing to the Labour Party's downfall at the 1990 general election were the four parties of Mana Motuhake, the Greens, the Democrats and the NLP,\textsuperscript{123} who all competed in that election in opposition to neo-liberal economic policies. Because of this common opposition to Labour and National policies, after the election a formal alliance was proposed. The Alliance was then formed in December 1991 and shortly after was joined by the Liberals, which was a splinter party headed by two former National MPs, Gilbert Myles and Hamish McIntyre,

\textsuperscript{122} Upton saw the Greens as having signed up to a hard-left programme and orientation: 'a large part of the Green movement has gravitated toward very traditional (and conservative) bastions of social dissent: the hard (and often academic) left with its romantic attachment to class theories, organised labour and conspiracy theories about business and politics' (Upton, 1995c: p.8).

\textsuperscript{123} In the elections NewLabour polled 5.2 per cent of the vote, the Greens 6.3 per cent, and the Democrats 1.7 per cent. Mana Motuhake ran second to Labour in the four Maori seats, with its leader Matiu Rata nearly winning Northern Maori. Jim Anderton the NewLabour leader won the Christchurch electorate of Sydenham, becoming the first MP to resign from his party and be re-elected for another party.
who had resigned from their party due to their disillusionment with the National Government's cuts to superannuation, health, education and social welfare.

The Alliance effectively established itself as a left critic of Labour and National, promising to oppose privatisation and to re-establish the welfare state. The core element of the Alliance was the NLP, which saw itself as a socialist party, and was initially successful in pushing the Alliance to adopt leftist policies on both social and economic issues. In the context of the times, the initial set of policies were relatively radical – even if by Western European or pre-1984 New Zealand standards the Alliance policies would have been regarded as a moderate social democratic programme. The Alliance supported public ownership and government intervention in the economy, with a major goal of full employment. The party clearly stood for higher and more progressive taxes, increased social spending, universal ‘free’ public education and health, a $1 billion public works programme and industry protection. It promised to restructure Treasury, and to shift the Reserve Bank Act’s focus from low inflation to jobs and regional development. Foreign currency exchange would be regulated. Welfare benefits would be returned to their pre-April 1 1991 levels. Government expenditure would immediately increase by $2.6 billion, mostly funded by $2.2 billion in higher taxes, with the rest from borrowing. The leader of the party, Jim Anderton, also suggested nationalising the steel, airline and energy industries (Campbell, 1989: p.16).

The Alliance’s relative radicalism and opposition to the economic consensus of Labour and National lifted the party onto a wave of popular support, which was reflected in opinion polls that often gave them over 30 percent support. The party was buoyed because it shared and amplified voters’ great disillusionment and distrust of the political system and culture that had been brought about by Labour and National’s policy ‘betrayals’. The Alliance was also positively associated with the transition to MMP (which it had strongly advocated for), and a supposed ‘new type of politics’.
In the 1993 general election, at which the deeply unpopular National government barely retained office, the Alliance won 18.2 per cent of the vote. The vagaries of the old FPTP electoral system meant, however, that the Alliance won only two seats. Jim Anderton won his Sydenham seat with a huge vote majority, and in Auckland Sandra Lee won a particularly symbolic victory in unseating right-wing Labour MP Richard Prebble in the electorate of Auckland Central. Lee defeated the standard-bearer for Rogernomics and came to personify the Alliance’s progressive nature. She was the first Maori woman to win a general electorate seat.

**New Zealand First**

When he formed New Zealand First in 1993, Winston Peters claimed his party would be a centre one. But rather than just positioning the party in the middle of the political spectrum and being centrist on all issues, Peters took up positions that were left on some issues and right on others.\(^{124}\) In this way, New Zealand First avoided being squeezed by the parties on either side, and was able to represent itself to the discontented voter as a party which was radical without being strongly associated with the left or right. Sometimes political commentators therefore mistook the party as a left-wing one, and other times as a right-wing one. More accurately, the party could be described as one of populist nationalism.\(^{125}\) The new name of the party was also the same as the title of a

\(^{124}\) According to Jesson, ‘Peters actually straddles the extremes, being more anti-capitalist than the Alliance on financial matters and a populist Muldoonist on social and moral issues’ (Jesson, 1994: p.108). Nagel has also argued that a centre party must deviate from the mushy-middle of the political spectrum so that voters have a reason to support it. He points out that voters are attracted to parties which exhibit a more extreme positioning than themselves (Nagel, 1994b: p.156).

\(^{125}\) From the beginning, New Zealand First was distinctly populist in its ideology. This was apparent, firstly, in that the party was being ‘built not around a programme but protest at the policy changes since 1984’ (James, 1993p: p.109). As Hames noted of the party’s launch, ‘There was no small measure of populist xenophobia in Peters’ launch address. He told his audience the government had sold assets to people who did not even speak our language’ (Hames, 1995: pp.192-193).
publication put out by the far-right League of Rights in Auckland in the early 1980s. The party colours of black and white and the party logo also fitted in with the dominant nationalistic image.

During the party's early years, it was distinctly not part of the Establishment. On economic matters it was well outside of the Labour-National economic consensus, advocating greater social spending, government intervention and economic nationalism – which appeared to align the party with the Alliance. In fact, in 1993 New Zealand First's economic ideology was not dissimilar from the Alliance's, basically advocating a return to the more controlled and insulated economy of pre-Douglas years. Its election policy contained many overtly left-wing policies. For example, their 1993 tertiary education policy promised to abolish tertiary fees and cancel all student loan obligations. The party was also radical in its opposition to 'bulk funding of teachers' salaries, students' fees, user-pays and privatising moves in health, and asset- and income-testing of elderly beneficiaries and superannuitants, as well as its enthusiastically regulatory approach to environment policy' (James, 1995j: p.17). Peters also criticised the Employment Contracts Act, and voted for an Opposition bill aiming to set up a council to draft new legislation. Another indication of the party's dissatisfaction with the new economic framework was Peters' private members bill to include employment along with low inflation as one of the objectives of the Reserve Bank.

Suspicion of big business was central to the political-economic identity of New Zealand First. Peters also made opposition to foreign investment a key part of New Zealand First's political platform. This left-glaze of anti-internationalism and opposition to deregulation obscured the real political nature of New Zealand First's more reactionary and conservative ideology. Instead of being seen as left-wing, James suggests that New Zealand First can be seen,

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126 Most political commentators and voters initially mistook New Zealand First's signals of disgruntlement with the new political order as indicating the essentially left-wing nature of the party.
as a poujadist or 'small-people's right wing', the sort of illiberalism mixed with fear that fuels xenophobia, racism and opposition to migration and minorities, which is as wont to turn on 'bludgers off welfare' as on big foreign companies and which seeks solace in strong, protective government (James, 1997a: p.77).

While the left-wing nature of even these economic positions is debatable, the party's positioning on many other issues has clearly been right-wing. For example, New Zealand First's early positions on social issues, such as immigration, law and order, and gender relations, clearly cast it as a conservative party in the tradition of Robert Muldoon.

A tough line on immigration was central to the party's identity from the start, with Peters suggesting that immigrants were taking the jobs of New Zealanders. Therefore, as distinct from the Alliance's nationalism, Peters' party's anti-internationalism was largely founded on ill-liberalism, rather than any coherent 'leftism'. Despite their competition for similar types of voters, New Zealand First possessed an inherent right-wing conservatism that was not ingrained in the Alliance's political character. It seems that while the Alliance and Labour had enthusiastically embraced the 'new politics' of the new social movements, New Zealand First set itself apart by its adoption of old-style social conservatism. For example, in the 1993 general election, it chose not to have a policy for women but instead, a 'family' policy (McLeay, 1994: p.57). In this policy, the party illustrated its socially conservative credentials by stating that the party was committed to the concept of 'the family as the keystone of Society'.

**Act New Zealand**

Act New Zealand began life in 1992, not as a political party, but as a lobby group called the 'Association of Consumers and Taxpayers'. Only later, after two years, did it metamorphose into a parliamentary-focused political party. Its driving
force was former Labour Finance Minister, Roger Douglas. His new vehicle was a radical new right force that was serious about substantially changing New Zealand society. Act became known for promoting very low taxes, a minimal state, increased individual responsibility, and a general continuation of the new right 'revolution'. The essence of Act's philosophy was a strong belief in deregulated markets and a minimal state. 'Anti-welfarism' also played a central role in Act's ideology. Intrinsic to the 'Act idea' is that the consumer should have access to quality welfare, although the state should have little to do with actual provision, instead giving the necessary minimal regulation and supervision of that provision.

Douglas' book *Unfinished Business* was essentially the party's founding document, and Douglas played the role of the party's guru or thinker. In reality, however, Act's political ideology was derived from the political economy of Milton Friedman and Frederick A Hayek, and therefore *Unfinished Business* can be read as representing the views of Hayek and Friedman as applied to New Zealand. Act's early economic platform was a relatively radical agenda, and one that reflected the party's adherence to Hayekian economics. To Hayek, state economic intervention was inherently totalitarian.

Market libertarians within Act were motivated by the pursuit of policy more than office, and early in its life, Act presented itself clearly as an overtly ideologically-focused party advocating a minimum state. The harder-line faction of the party pushed for the party to stand on a platform of an unfettered free market society, liberated from all state interference, except on 'necessary' intervention to ensure the maintenance of law and order – in particular the protection of private property. Roger Douglas was personally opposed to state involvement in everything from health care to fire-fighting. Likewise, even Richard Prebble was on record saying that the state should be limited to a role of minimal regulation of

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128 Ex-Cabinet Minister and National MP, Derek Quigley, was also important in the founding of the Act. He became deputy leader of the party and an Act MP (1996-99).
enterprise and that of ensuring law and order — although he conceded that much of the law and order operations could also be contracted out to private firms (Kilroy, 30 April 1996: p.9). Therefore Act presented itself as a new political paradigm. The party initially promised measures such as privatising social services, halving the government’s bureaucracy, reducing income tax to zero and introducing educational vouchers.

According to its early platform, an Act government would abolish income tax (implementing this in progressive stages); require a degree of compulsion in making people provide for their own social services such as health, education and insurances; privatise all the government’s trading activities; set a goal for the state to only own and operate the nation’s defence, foreign policy, justice and administrative government issues — thus devolving more and more social services to private sector providers (although still retaining state-provided options); abolish all labour market restrictions; and deregulate wherever possible to minimise state interference in business (Clifton, 1998b: p.36).

Conclusion

The swing to the left in the 1993 general election signalled that the neo-liberal economic revolution was over. The period of political radicalism had lasted nearly a decade — 1984 to 1993. Preceding this had been 50 years of relative political continuity, based upon economic prosperity. When these positive economic conditions evaporated in the early 1970s, so too did the historic political settlement. A decade of political flux then occurred, leading up to what has been called New Zealand’s ‘revolution’. For both main parties it was a traumatic period. National has traditionally been relatively non-ideological, but

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129 James argues that, ‘The period between 1984 and 1992 was a rare ascendency of radicals over conservatives and liberals. In 1993 voters, in reaction against that radicalism, came within a few votes of hanging the Parliament’ (James, 1998b: p.27).
since the breakdown of the historic compromise in the early-1970s, the party has been pushed through two intensely ideological and disorientating phases. Firstly, under Muldoon, National pursued a variation of social democracy, then in the late-1980s and early-1990s it adopted a highly-radical version of economic neo-liberalism. Labour was also ideologically affected, implementing an economic programme that was diametrically opposed to its original principles. This internal contradiction was not easily resolvable, leading to the left-NLP split off and the right-Act split off.

Although the party system was revitalised from the mid-1980s by this centrifugal competition and move away from simple office-seeking behaviour, it was not a return to traditional forms of party conflict. In the mid-1980s the ‘old division of New Zealand politics between a slightly more individualistic National Party [that] represented generally the better off and a slightly more collectivist Labour Party representing generally the less well off was cut across at right angles’ (James, 1990b: p.66). This contributed to the breaking up of the old party system and the introduction of a number of significant new parties with sometimes radical policies.

This period of political radicalism helped split up the duopoly in New Zealand politics. Prior to this, the two catch-all parties of ‘Labour and National could encompass the full range of opinions over the limited number of contentious issues, while still competing for the elusive centre of politics – and without collapsing into factions’ (Aimer, 2001: p.273). However, by the end of this period, society could no longer be contained within this schema. The societal conditions for two-party politics began to wane. As Aimer has argued, ‘the “spread of opinion” was widening, especially along the crucial socio-economic policy dimension. Imported neo-liberal doctrines were responsible for wedging the political left and right further apart than at any time in the postwar period’ (ibid: p.274).
As this chapter has attempted to portray, the radical period of 1984-93 was not merely created by policy-pursuing behaviour, nor by office-seeking motivations, but also by a third variant – managerial-reforming actions. Ideology definitely played a strong part, but the radicalism of party politics in the 1980s and early 1990s was primarily due to changing economic conditions necessitating reform. In James' assessment:

What happened in the 1980s was that the prosperity consensus collapsed and a policy vacuum resulted. A small number of people of like mentality found themselves with the task of filling that policy vacuum. They filled it with policies drawn from theories which were at hand and which, as it happened, fitted their mentality (James, 1992a: p.237).

This chapter has also disputed the idea that both the postwar and post-1984 periods represented ideologically extreme cases – that the first era constituted a doctrinaire-socialist-left regime, and the second era constituted a doctrinaire-right regime. In regard to the first (consensus) period of 1945-75, the chapter makes the point that the social democratic policy regime persisted so long after the election of the First Labour Government because it was an arrangement that was not only affordable in the long postwar boom years, but also because it actually bolstered capitalism. In regard to the second (radical) period of 1975-93, the chapter argues that although the economic reforms brought about by the Lange and Bolger governments were sweeping and fundamentally right-wing, the doctrinaire nature of these reforms has been exaggerated by some commentators. Both periods were about effectively managing the economic system in ways that suited the changing conditions.

The post-1984 governments were undoubtedly more ideological in their objectives and approach than previous post-war governments, but nonetheless they had been repeatedly compelled to react to problems and events as and when they emerged, whilst simultaneously having to acknowledge the practical problems of pursuing certain policies in view of the economic, international and political constraints impinging upon them. Likewise, all of the political parties have been influenced by phenomena, other than simply ideology, that have
made them take certain decisions that have made them more radical and polarised than would normally be expected in New Zealand society. However, while many political parties were undoubtedly radical in this period, the next chapter illustrates how this all changed after 1993.
Chapter Three


After the policy upheavals of the 1980s and early 1990s, a new consensus has developed in the New Zealand party system, and political parties are becoming oriented to a 'new centre' on the political spectrum. This new policy regime is one in which the parties agree on the basic policy parameters in which New Zealand politics operate. The spread of opinion has narrowed considerably within the party system, and the flank parties to the left and right of the new centre are not pushing for a total overturn of the status quo. Conflict between parties still exists, but it is less severe and is not based on such sharp ideological differences.

The re-orientation of the parties to the new centre does not mean that they have moved back to the centrist position that existed before the neo-liberal reforms commenced in the mid-1980s, but that those reforms have established a new policy marker for what is 'normal', 'common sense' or mainstream. The new centre is generally much further to the right than it was prior to 1984, and it is generally more socially liberal as well. It means that after a turbulent period of party and ideological breakdown and rearrangement, a new orthodoxy has been created, which has narrow parameters and asserts a strong pull on today's parties. Although it is to the right of the old centre of politics, the new centre is also one that has retreated from the extreme position that National and Labour were advocating in the 1980s and early-1990s. The neo-liberal reforms have been deemed to have gone too far, and the new centre therefore involves a 'corrective' that nearly all the parties in Parliament implicitly endorse.
Chapter Three: Post-Reform Consensus

The shift by New Zealand's political parties towards a new centre of the political spectrum is made clear by the fact that there is now a real lack of significant disagreement among the parties on economic policy fundamentals, as the parties all share similar principles and assumptions. Indeed, the 2002 general election showed that there were few significant economic issues that separated the two main parties. The content of recent Labour and National election manifestos reveal that these parties are now in broad agreement on all the major economic issues. Basically they both believe in free trade, free enterprise, mild interventionism, the Reserve Bank Act, low taxation, debt repayment, leaner government, balanced budgets, and to a lesser extent the current industrial relations framework. On all these issues the minor political parties are also increasingly in agreement or at least not stressing their disagreement anymore. It is this shift towards the centre by the minor parties that has allowed the establishment of a durable new consensus. And even on non-economic issues – or 'societal' issues – nowadays most parties are never too far apart; in particular they have similar policies on immigration, law and order, education, race relations, the environment and foreign policy. However, some differences do still exist in these areas and therefore such issues have become points on which parties can illustrate their distinctions from one another.

This chapter attempts to show that the parties now have more in common than they have differences, and that consequently, and contrary to popular belief, none are espousing much that is radical. More than ever before they all claim to represent an orthodox or common sense politics rather than any sort of innovative transformation of society. Politicians of most parties have therefore had great difficulty since the mid-1990s in asserting what is distinct about their particular party. This chapter also tells the story of this ideologically empty period using the same theoretical framework as Chapter Two – describing the nature of

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1 As political reporter Richard Harman put it, 'it sometimes seems as though we are living in a one-party state in which mainstream thinking on most topics and the ideology and programme of the Government have converged' (Harman, 2002: p.1).
political action as being based on three different types of orientation: the pursuit of policy, the seeking of office, or the management of reforms in times of difficulty. Policy-pursuers act according to the basic long-standing political values that they hold – often reflecting the interests of key constituencies; Office-seekers are much more flexible with regard to their policy commitments, rationally reacting to the distribution of political preferences in the electorate; Managerial-reformers take on the actions required by the state to administer or conserve society, sometime through radical change. It is argued here, that the creation of this new centre has involved parties returning to an office-seeking emphasis. After the success of the neo-liberal reforms in returning New Zealand business to profitability, the managerial-reforming behaviour discussed in Chapter Two is now less necessary. Similarly, policy-pursuing is also less common. Instead, the bold programmes of New Zealand political parties of the 1980s and early-1990s have been replaced by cautious status quo collections of policies that stress their orthodoxy, and reflect the dominance of electoral pragmatism in this period. In this sense, the party system is characterised by both ideological convergence and a declining emphasis on ideology – both of which were defined in Chapter One as constituting an erosion of ideology.

Timeframe and Overview

This chapter examines the nature of party ideology in the ten-year period since MMP was voted in. Part One examines the shifts in party ideology concerning economics over the 1993-2003 period. It uses the timeframe of the parliamentary election cycle as a natural structuring for examining ideological change. The first period examined is the period 1993-96, during which the party system evolved in the transition towards the first MMP election of 1996, and the major parties

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Therefore this ideological transformation of party politics in the 1990s is apparent in two ways. Firstly, there is an ideological convergence in the sense that there has been a movement by the parties away from the extremes and towards a new centre of the political spectrum, and secondly there has been a general exhaustion of ideology, in that principle and philosophy are less central to the operations and nature of the parties – and office-seeking characterises the motives of most parties.
converged even further.\textsuperscript{3} This convergence was centred around a small movement back from the extremes of neo-liberalism – or at least a general halt to its progression. Also during this time, the existing main parties fragmented, new parties arose, and the minor parties moderated their ideology in readiness for coalition governing. This involved all the parties edging closer to the newly established policy markers – for example Act became less purist in its neo-liberalism, and the Alliance and New Zealand First abandoned significant elements of their anti-neo-liberal programmes. After the transition to MMP the ‘new consensus’ settled in – especially with the retreat from neo-liberalism by Labour and National in the 1996-99 period. Hence the policy marker moved leftwards, effectively allowing the parties opposed to neo-liberalism (the Alliance, New Zealand First, and the Greens) to be able to join the new consensus. The 1999-2002 period consolidated the new consensus, especially due to the election of the Labour-Alliance Government which largely adhered to the neo-liberal framework, removing any threat that it would be dismantled.

Part Two of this chapter examines the nature of party conflict on the ‘postmaterialist’ dimension of party competition. It is argued that the strong convergence on economic issues has pushed the parties to compete more on this alternative dimension of issues. Although the parties still share many similar non-economic policies, they increasingly differentiate themselves by emphasising (or exaggerating) their differences in these areas. In Part Three, the nature and elements of this new consensus are discussed. It is argued that the consensus is a negative one, characterised by a conservative approach to change, an exhaustion of principles and policy, and thus the New Zealand party system has increasingly become dominated by trivial and personality politics.

\textsuperscript{3} Chapter Two ended with the 1990-93 period, where the party system was relatively radical – being both ideologically centrifugal in competition, and containing many parties that were mostly not characterised by an office-seeking emphasis.
This chapter utilises the results from the survey of political scientists in New Zealand conducted for this thesis, which asked respondents to locate the positions of the parties on a left-right scale where 0 equalled 'totally left' and 10 equalled 'totally right'. It also allowed respondents to create additional scales to represent any other significant political conflicts they identified. The survey was carried out in 2003 but asked respondents to classify the parties on where they were positioned at the 2002 election. The results are compared with an earlier version of the same survey carried out in 1997 (but based on the 1996 general election) by Brechtel and Kaiser (1999).

Part One: The Economic Consensus

It was on economic issues that the New Zealand party system was most divided during the 1984-93 decade of reform, and it is now in this area that the greatest degree of consensus exists, as neo-liberal economic policy is firmly embedded as the framework of governing New Zealand. Basically, all the parties in Parliament accept the ongoing economic realities that pressure governments to keep their economic policies within the broad neo-liberal framework. Some parties, such as the Greens and Act, may sometimes appear to advocate radical changes to economic management, but in reality their programmes of reform amount to mere adjustments to the new economic framework. Essentially, the economic policies dividing left and right have been reduced to proposing a fraction more or a fraction less government intervention, regulation, ownership, and taxation. The shift to this new centre in the 1990s is best illustrated by an examination of the individual political parties in New Zealand. The histories of Labour, National, New Zealand First, Act, the Greens, the Alliance and the Christian parties show a remarkable moderation of economic policy and vision between 1993 and 2003.
Chapter Three: Post-Reform Consensus


Chapter Two argued that the economic reforms of the Fourth Labour and National governments constituted an attempt to manage an economic and fiscal crisis and return New Zealand business to profitability and stimulate economic growth in some sectors. The state faced a crisis, since difficulties in the economy placed it under considerable fiscal pressure because it both increased the demands on the state for welfare services while eroding the tax base. To resolve this crisis the state had to restructure the economy on behalf of capital, redefining the state’s functions. This involved implementing radical economic ‘solutions’ which adhered to newly orthodox theories of neo-liberalism after the Keynesian ‘solutions’ in the 1970s had failed. This process involved market liberalisation and an attempt to reduce state expenditure in the provision of social services and welfare.

These reforms were partially successful in their task of returning profitability to business by depressing both the private wage and the social wage, while the rate of inflation reduced substantially. Evidence for this is outlined below. However, the neo-liberal measures also failed to achieve much of what was promised by their advocates, especially the promise of markedly higher growth rates – and this is also detailed below. While the ‘Keynesian’ policies in the 1970s and early-1980s failed to resolve either the fiscal crisis or the high level of inflation (except temporarily) the neo-liberal policies resolved them by stagnating the economy for almost a decade. This section outlines the continuing economic slump in New Zealand in the 1990s.

The reformers have claimed success in achieving their policy objectives, and internationally the New Zealand case was sold as an exemplar of neo-liberal restructuring, and therefore a model for the world to imitate.4 They point to low

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4 For the reformers’ accounts of success, see: Douglas (1993), and Richardson (1995). See also: James (1992a) for a supportive analysis.
inflation and the fiscal surplus. As a result of the tax reforms and cutbacks to social services, income support and the state sector, budget surpluses were also achieved after 1993. The economy emerged from recession in 1993, with two years of rapid expansion in 1994 and 1995. Even critical commentators saw the existence of significant improvement – Jane Kelsey admitted at the time, ‘The short-term trends certainly looked impressive’ (Kelsey, 1995: p.243). The economy grew by about three percent in 1993, and ‘reached six per cent in June 1994, where it remained for twelve months’ (Dalziel and Lattimore, 2001: p.113). Rising unemployment also turned around, dropping from 11.1 percent in 1992 after having risen from 4 percent in 1987, to 6.1 percent in 1996.

That there was some kind of a recovery is beyond doubt, but debt requirements soaked up much of the state’s fiscal surplus, which meant that governments and those parties seeking to be in government had few extra resources to plan to spend. The recovery also started from a trough – the economy had previously contracted and therefore the so-called ‘rapid growth’ of 1994 and 1995 was only a short respite that took the economy up a level, from a low base. Economic indicators showed improvement but they suggested that the economy was still in a worse state than when the reforms began.

That the 1993-95 recovery was weak and fragile was clear by 1997, when the economy slowed down and headed into another recession. The economy shrunk by 0.7 percent of GDP in 1998, while in the OECD it grew by an average of 2.4 percent and in Australia by 5.1 percent (Goldfinch, 2000: p.211). Unemployment rose also, with New Zealand falling behind the OECD averages. Through the following years there continued to be substantial unemployment. When the reforms began, the unemployment rate had stood at 3.7 percent (June 1984), and by the end of 1998 – following the recovery, the rate was 7.7 percent, with Paul Dalziel pointing out that this ‘rate was twice as high in 1998 as it was in 1984’ (Dalziel, 1999: p.67). More recently the unemployment rate has settled below 6 percent in 2003, and is still somewhat higher than the rate of 3.7 percent.
that the reformers promised to reduce. Furthermore, the ‘official jobless figures’ are much higher, and behind job growth figures lie ‘important questions about the quality of new work’ (Kelsey, 1995: p.265).

According to Brian Easton, ‘New Zealand’s volume GDP growth has been low relative to the rest of the OECD since the reforms began’ (Easton, 1999: p.61). For the 1985-96 period, New Zealand’s GDP volume growth has been 1.3 percent per annum, compared to 2.7 percent average for the OECD. Likewise, labour productivity growth has been on average 0.6 percent for New Zealand and 1.7 percent for the OECD. Employment growth for this period has been an average 0.7 percent compared to 1.0 percent in the OECD (Easton, 1997a: p.145). The current deficit in the balance of payments account has also continued and been at much higher levels than were considered sustainable before 1984. New Zealand now seems to be growing slightly faster than the OECD as a whole. Inflation is down, profitably up, and there is less fiscal stress on the state. The burden of the reforms has been carried by lower private and social wages and higher unemployment and poverty, and at the cost of increasing foreign private debt as a proportion of GDP.

When the programme of neo-liberalism was introduced in 1984, it promised ‘to deliver higher relative economic growth, lower poverty and reduced unemployment’, but as Dalziel pointed out, ‘on all three criteria, New Zealand is clearly much worse off in 1999 than it was fifteen years earlier’ (Dalziel, 1999: p.64). Yet not everyone is worse off, which reflects that the reforms have been successful in restructuring the economy in favour of capital, increasing the wealth and income of business owners and other high income earners, while others had to bear most of the brunt of the slump. Economic inequality had significantly increased, producing a deeply divided society:

Between 1984 and 1998, the average income of the bottom decile saw their real spending power fall by 5.8 per cent, from $17,000 to $16,016. Over the same period, middle New Zealand (the fifth decile) also saw their spending power fall, by 7.2 per cent, from $32,789 to $30,419. The ninth decile held their own: $59,297 in 1984
increased to $61,402 in 1998, but the real gains were made by the top income group. The real spending power of decile 10 increased from $79,476 to $104,888, an increase of 32 per cent (Dalziel and Lattimore, 2001: pp.30-31).\footnote{According to Infometrics, the ‘real spending power of those in employment between 1987 and 1992 rose by 7 percent for the wealthiest 20 percent and fell by 2.9 percent for the poorest quintile’ (Kelsey, 1995: p.258). By 1993 ‘the top 20 percent of households currently received 45 percent of all gross income, up from 35 percent in the late 1970s’, while 20 percent of households shared 3 percent of the total income (ibid). Likewise, economist Srikanta Chatterjee found that ‘between 1984 and 1996 the bottom 40 per cent of the income distribution experienced a fall in their spending power of more than three per cent. The cut in spending power for the bottom 10 per cent was a staggering 8.7 per cent’ (Dalziel, 1999: p.67).}

In concluding his 1997 book, In Stormy Seas: The Post-War New Zealand Economy, Easton says that the economic reforms have failed to produce a proper economic recovery:

The evidence of the decade is that the greedy pursuit of self interest does not produce economic benefits. Rather it produces a financial system which was corrupted, an economic performance which was stagnant, and a populace angry at being misled, publicly and collectively expressing their feelings vehemently in the 1990, 1993 and 1996 elections (Easton, 1997b: p.250).

As already described, the overall effect of two decades of neo-liberalism has been to dramatically increase the major forms of social inequality while failing to generate sustained economic growth and low unemployment. The fact that in the late-1990s ‘Most New Zealanders’ were still ‘at a lower material standard of living than they were when the reforms began’ is evidence of an ongoing economic slump (Easton, 1999: p.7). As will be seen, this persistent slump had a strong impact on party politics between 1993 and 2003.

**1993-96: Transition to MMP**

The revival of minor parties in the late-1980s and early-1990s was boosted in the 1993-96 parliamentary term by new parties establishing themselves to take advantage of the arrival of proportional representation.\footnote{These included: The Republican Party, Te Tawharau, Advance New Zealand Party, United New Zealand, Christian Democrats, NZ Superannuitants and Youth Action, Actearoa/New Zealand Party, Natural Law} These were mainly
centre or centre-right oriented vehicles, often pragmatically created for the re-election of National and Labour MPs splintering from their parties. The ‘sameness’ of these parties added to the appearance of fragmented convergence. Furthermore, the existing minor parties – the Alliance, New Zealand First and Act – all moderated their policies in the lead-up to 1996. Much of this moderation was probably related to office-seeking behaviour – fuelled by the intense competition to establish themselves at the first MMP election. It seems that as the Alliance and New Zealand First programmes of economic nationalism came further under the microscope, the untenable (or technically difficult) elements were being exposed, and then abandoned by the parties.  

Minor parties were forced to acknowledge the growing orthodoxy of the new economic framework and to focus on how it might be modified rather than overturned. Because all parliamentary parties aspire to manage the state and economy, they must mould their policies to suit what is possible under that system. Their options are always confined by the need to maintain the conditions for business profitability. Thus, while the economy is strong, governments and parties can sometimes afford more generous initiatives, and vice versa (Myers, 1997). The continuing weak state of the economy meant that the parties were less able to make promises of much substance or initiative.

Between 1993 and 1996, differences between Labour and National declined further, leading Gordon Campbell to comment that ‘The boundaries between National and Labour have certainly blurred. In the past, social welfare and education were litmus areas that threw the differences into sharp relief’ but these...
no longer existed (Campbell, 22 Jul 1995: p.31). Colin James also declared in 1995 that the two main parties were now ideologically more similar than ever in their histories: ‘Labour MPs are in many respects in their official policy now as close to the National position as Labour has ever been, even taking into account the great consensus years of the 1950s and 1960s’ (James, 1995b: p.13). James also saw that there was parliamentary agreement on the basic economic policy setting, saying that there was ‘now a parliamentary majority for the current economic policy settings – not for the detail, but for the broad parameters: low protection, low inflation, fiscal rectitude and light regulation. Even those on the Labour “left” accept the basics of this “open economy”’ (James, 1994h: p.77).

The similarities of the three highest polling parties in the 1996 general election – National, Labour, and New Zealand First – meant that in reality it made little difference which of these parties formed the first MMP government. Comparing the competing coalition agreements that New Zealand First had negotiated with both National and Labour, Fiona Barker found that there was ‘a high degree of convergence’ between the two of them, which indicated the ‘reasonably close positioning of the three parties in the centre of the political spectrum’ (Barker, 1997: p.253).9

Labour Party (1993-96)

Following the 1993 election, Helen Clark took over the Labour Party leadership from Mike Moore, and was heralded as the leader who would move the party to the left. Yet while there was a small movement to the left, Clark was actually crucial in keeping Labour to the path compatible with Rogernomics. The idea that Labour became a centre-left party was more a case of perception, and while Clark made all the right noises consistent with a left turn, she never actually

9 Barker argued that, ‘both Labour and National have sought to command the centre-ground of New Zealand politics, resulting in some convergence of their respective policy positions’ (Barker, 1997: p.248).
produced any substantive results.\textsuperscript{10} In fact throughout the 1990s Labour failed to establish many significant policy differences with National. Even though there was some divergence in spending priorities, none of these differences amounted to anything more than matters of degree rather than direction. Labour therefore consistently lacked ‘litmus issues’ with which to illustrate that it stood for fundamentally different things to the National Party. Labour’s proposed changes to labour laws, increased spending, and reversing National’s welfare reforms was only ever about making relatively minor variations to the National Party model.

In the mid-1990s Labour was eager to seize the centre ground in economic policy, choosing to avoid an ambitious agenda on either the left or right wing. The party had by now become a recognisably centre party, with a strong office-seeking orientation. Labour’s economic policy under Clark entailed providing a somewhat mixed message: on the one hand it campaigned against the consequences of National’s economic policies, yet in practice its economic strategy largely accepted the neo-liberal economic framework. Lacking any unifying political philosophy from which to build its policies, Labour remained very ideologically disorientated and bland. The party’s adoption of a variation on the British Labour Party’s ‘third way\textsuperscript{11} led Easton to describe Labour as ‘not a red party, nor a pink one, but a grey one’ (Easton, 1997c).

More than anything, Labour promoted itself as the party that best represented the centre. It did this by arguing that, having restructured the economy, it was the only party that would use the economic growth created to follow equitable ends. Using this strategy, Labour posed as the moderate party in the contest against an extremist National Party that would take the reforms even further. The National

\textsuperscript{10} Clark continued to use the effective strategy of forever promising a shift to the left, but qualifying this by specifying such changes as occurring in the longer term. This essentially allowed Labour to fudge any real commitment to their promises, and to avoid any answers to the questions of where they would get the money to pay for increased expenditure.

\textsuperscript{11} For more on the British Labour Party’s third way, see: Driver and Martell (1998), and Thomson (2000).
Government's choice to impose such hard-line new right economic policies in its first term allowed Labour to more feasibly claim a distinctive difference.

In working out just where the Labour Party in the 1990s stood in relation to the reforms of Rogernomics, the single greatest indication of clarity and unity that emerged, was that Labour accepted the internationalised economy, and in accepting this, the party recognised the constraints on the formation of economic and social policy. In this, Labour was in close agreement with National – although, while many in Labour accepted the new open and international economy, they were less than enthusiastic about it.

**National Party (1993-96)**

After a radical early period in government, the Bolger National Government went into the 1993 general election with decidedly pragmatic intentions and messages. In fact, for some time before the election the right-wing reforms were slowed to a halt, and subsequent pressure mounted for a reversal of direction.\(^{12}\) Critical MPs were placated by policy u-turns and minor deviations. Much of the 1991 'mother of all budgets' was reversed, and in particular, some of its user-charges were scaled back\(^ {13}\) and Richardson's commitment to balancing the books by 1993 was abandoned (McLoughlin, 1993b: p.45; James, 1993e: p.42).\(^ {14}\) Richardson's budgets in 1992 and 1993 were relatively 'bland "hold-the-line" documents'
Chapter Three: Post-Reform Consensus

(McLoughlin, 1993b: p.45). In their social welfare reforms – changes that were promised to ‘redesign the welfare state’ with a view to creating a more wealthy and self-reliant society – few of the planned changes eventuated. Also in early 1993, rightist Simon Upton was removed as Minister of Health, to be replaced by the more pragmatic and cautious Birch. National had some radical moments during its first term, but after 1991 it was becoming a mild conservative party that once again sought to merely maintain the status quo. The National Government therefore implemented even fewer new reforms from the start of 1993, instead coasting to the election, preferring a strategy of talking up the so-called ‘economic recovery’ and attempting to upset as few voters as possible (McLoughlin, Oct 1993: p.45). National had now moved into a more conservative mode, where it was more concerned with governing than it was with ideas; after stepping back from the extremes, National was pushing to be a centre party again.

The 1993 general election result encouraged a further re-think for the right of National when a huge swing against the party led Labour, the Alliance and New Zealand First to secure 61 percent of the vote between them. Winning only 35 percent of the vote, and being reduced to a narrow one-seat majority in Parliament had the effect of encouraging an even stronger emphasis on office-seeking behaviour, and hence less radical reform. Richardson was quickly dumped from the finance position by Bolger who attempted to establish a new

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15 See also: James (1992a: pp.40, 262; 1994e: p.10), and Jesson (1992e: p.77). The budget of 1993 contained no significant reforms, and according to Vowles, had a ‘steady as it goes’ approach aimed at conservative voters who were wary of further change (Vowles, 1994b: p.383).

16 According to Robertson, National argued at the time that ‘More steps could be taken later. [But] Later never came. Mr Upton [only] removed the remaining universal welfare benefits and then that was that. Nothing bold occurred there-after’ (Robertson, 1999b: p.20).

17 Neo-liberal businessman Douglas Myers argued that, ‘After its initial liberalising efforts of the early 1990s, National became lazy and smug’ (Myers, May 2000: p.24). Following this period, ‘Sporadic initiatives to deliver real gains, like the ACC reforms, were tardy and half-hearted’ (Myers, 2000: p.24). Perceptively, Myers notes that in the end ‘Buzz words like “decent society”, “social capital” and the “knowledge economy” substituted for policy substance’ (ibid).
image for the National Government. Other ministers on the right of the party were also demoted, including rightist Rob Storey, who was dropped from Cabinet. Replacing Storey and Richardson were Peter Gresham and Bruce Cliffe – both pragmatic moderates. Clearly this post-1993 National Cabinet line-up was formulated to push National back into the centre of the political spectrum, and when Bolger described his administration and party as a centre-right one, he now emphasised the 'centre' (James, 1994a: p.164). With Richardson gone from the finance portfolio, the moderates within the National Cabinet were able to push through higher government spending, which was immediately reflected in the 1994 Budget – a particularly bland exercise intended to win back middling voters. National also brought its controversial health sector reforms to a standstill and key aspects of them were reversed.

Redefinition of right-wing ideology proved to be an ongoing exercise for National Party politicians from the mid-1990s onwards. In response to the fact that National and Act politicians had not been able to create any positive view of the future around free market policies and ideas, the party leadership lost confidence in neo-liberalism and therefore sought to come up with a new 'big idea'. In early 1995 Jim Bolger released a bland policy document entitled Path to 2000, which was clearly pitched at the mainstream and signalled the intention to move National further into the centre.

18 Upton has pinpointed Richardson's departure as the turning-point for the party in the 1990s, and declared that 'The virus of radicalism that hit both Labour and National during the eighties has [now] largely burned out' (Upton, 1994c: p.10). Following her departure he believed National had returned to its historic role of being 'sceptical about change and preferring to manage the status quo' (ibid).
19 See also: Vowles et al. (1995: p.106).
20 Similarly, in 1997, Bolger announced his adoption of 'Social Capital' as a guiding principle for future policy decisions. As with the previous Path to 2000, this was, James argued, 'a model aimed at defining a new middle ground. The key words are "social capital", "community" and "belonging". His aim is a "cohesive" or "inclusive" society' (James, 1997i: p.19). In general it seemed that Bolger 'was unable to "brand" National because he believed in little and stood for nothing other than keeping National in power' (Maharey, 1997: p.30). At the same time, James noted the emergence of a new strand of thinking in the party which he labelled as "centrist realism", and he labelled Simon Upton and Bill English as its best exponents (James, 1997i: p.19).
New Zealand First (1993-96)

The history of New Zealand First in the transition to MMP provides the most dramatic example of a party rushing to moderate its political 'brand'. Earlier – in the late-1980s and early-1990s – Peters had positioned himself as a staunch opponent of free-market economic reform and, when he established New Zealand First, the new party could have been described as populist and nationalist, and at times even left-of-centre. By 1996, however, it more clearly aspired to occupy the centre of the political spectrum, and in the lead up to the election the party brought its more 'radical' policies into line with the expected 'realities' of governing. His first moves constituted shifting his emphasis away from his opposition to the substance of the reforms to that of opposition to the actual reform process. The complaint was now one of things going too far and too fast.²¹

It was in 1996 that Peters retreated most visibly from his economic nationalist and oppositional stance. For example, until June 1996 the party's proposed limit of 24.9 per cent foreign ownership of New Zealand companies was said by Peters to apply unequivocally and without exception to any New Zealand company, yet it was suddenly announced that it would apply only to 'key infrastructural assets', and that it could be waived altogether if a particular investment was considered to be in the national interest (Speden, 1996a: p.2). As the year went on, it became very obvious that New Zealand First's economic policy proposed only minor changes to government economic policy. This was in sharp contrast to the impression that Peters had previously given, that the economic reforms of the last 12 years had been totally wrong and that they

²¹ In 1994 Peters was quoted as saying that he 'freely acknowledge[d] the advantages which have come from greater efficiency and tighter financial constraint' (quoted in James, 1994c: p.13). Furthermore, according to James, Peters claimed, 'by association, a degree of authorship [of the economic reforms], asserting 30 "moves to free up the economy" before Rogernomics started' (ibid).
therefore had to be substantially overturned. In mid-July 1996 the new economic policy was presented to the party's annual convention. In most policy areas there were adjustments, moving them to the right. In education policy, for example, the party adopted a policy of a 10 percent tertiary student fee – where previously New Zealand First promised no fees. Similarly, the party's softening towards the Reserve Bank Act was informative. The new policy still proposed changes to the Act rather than its repeal, but in practice such changes would not, in Michael Cullen's opinion, 'lead to any great changes in the operation of monetary policy' (quoted in Kominik 23 Jul 1996: p.2). Even Bill Birch complimented New Zealand First's shift in direction, saying that now their 'economic framework partly embraced what had already been set up by National' (ibid).

The moderation of the party probably occurred for office-seeking and managerial-reforming reasons. Previously New Zealand First had clearly been swimming against the tide of public and elite opinion on the issue of economic reform. Although there was still a sizeable section of society wanting to turn back the clock – New Zealand First's and the Alliance's potential constituency – its numbers had been steadily diminishing (Hames, 1995: p.228). The preparations for coalition negotiations and relationships under MMP also played a part in the party's transformation – in that New Zealand First needed to carefully position itself in the centre between Labour and National in order to increase its post-election negotiation options and leverage. Before the rightward shift in economic

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22 Michael Laws, then working for New Zealand First in Parliament, has outlined how he managed to moderate the party's economic policy despite these restraints: 'I had similarly manoeuvred around the dangerous shoals of previous Winstonian excess by accepting that the Reserve Bank Act required amendment, if only by adding the words "sustainable economic growth" to the legislative emphasis on price stability. In addition the inflation target of zero to two per cent would be softened to somewhere around three per cent – still at a level lower than that of most of New Zealand's major trading partners. Again, the final words used were intended to convey a sentiment rather than a pledge – they would supply sufficient impetus to amend the inflation target in any post-election negotiations without altering the substance of the Act. The same logic was applied to the party's policy on the Employment Contracts Act and the State Sector Act – sufficient amendments to patch up the obvious flaws without damaging the legislative intent' (Laws, 1998a: p.327).
policy, New Zealand First had appeared to be incompatible with parties of the right – in particularly those of the neo-liberal economic right. A new economic policy framework was therefore created which would better match the party's centrist aspirations.

**Act New Zealand (1993-96)**

Act was originally formed to promote hard-line new right principles such as zero income tax and a minimalist state. It had an ‘ideological’ leader in Roger Douglas but little support in the polls. Richard Prebble, upon becoming leader in 1995, attempted to redefine Act as a supposed mainstream party of 'middle New Zealand'. In a major piece of re-positioning, Act's hard edges were blurred and its detailed policy statements were converted instead into ‘values’. These ideological shifts were clearly about office-seeking. The party's disappointing performance in pre-MMP opinion polls very quickly led to a re-evaluation of its political message. The fact that Act was run by marketing professionals, entrepreneurs and managers meant that the party and its message were always treated largely as a 'product'.

The reinvention of Act not only involved stylistic change through a moderated image and new leader. The main thrust of its re-launch was a substantial re-evaluation and overhaul of the party's programme. In April 1996 a new manifesto was launched, shorn of the party's initial radicalism. The name of the manifesto – 'Commonsense for change' – was indicative of the new approach: less experimentalism and more orthodoxy. The new manifesto was most striking for the fact that it omitted two of Act's most radical and defining policies: its

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24 In campaigning for the leadership of Act, Prebble explicitly stated his intention to moderate the party and in particular the policy of zero income tax: ‘Before agreeing to take the leadership of Act I wrote to the members – all 7,000. I said, “ACT has been perceived as a radical right wing party, the party of North Shore millionaires. Act must change its image to become a progressive, stable party of the centre right and drop some of its very clever but too radical policies such as zero income tax”' (Prebble, 1996)
education voucher scheme and the zero income tax policy. Both had proved controversial and so they had to go. As a replacement for the zero income tax policy, Act resurrected the old Fourth Labour Government's canned flat tax policy – in this case, set at 19.5 cents in the dollar for both individuals and companies. Although the new more moderate tax policy was still promoted by the party and opponents as a 'radical' measure, in reality the rates were not totally dissimilar to the governing National Party's tax policies.\(^\text{25}\)

Act also began to give up on defining and identifying itself as a party of economic reform and innovation. As with the other political parties, it no longer found the area of the economy one in which it could make much political headway. Furthermore, Act realised that the continuing economic slump was only going to bring further unpopularity for those parties associated with neo-liberal measures. Thus, the defining feature of the party's first few years was its process of 'rebranding' – as it worked to recreate its public identity again and again. First Act went from being a programmatic 'party of policy' to being a 'party of personalities', and, again under Richard Prebble, it was re-branded as a 'party of values and virtues'.

During 1996 the main message that Act attempted to impress on the public was the party's commitment to protecting the economic gains of the last 12 years and the current economic settings and framework. This was not a radical stance, but actually a status quo stance. It did little to differentiate Act from the National Party, nor from the plethora of new conservative parties which were also committed to the reforms. The new strategy was clearly a lowering of the party's horizons. After all, Act had originally been a party that saw the existing configuration of the economy as representing 'unfinished business' – an economy only half reformed. Their *raison d'être* had been the extension of the 'revolution'. By 1996 the party had lowered its goals to a defence of the status

\(^{25}\) National, too, was promising to cut the lower-step 24 cent personal income rate to 19.5 cents as part of its programme of tax cuts. Act's difference with National was that it would also abolish the 33c rate.
quo, and focused much less on the problems of the current system nor on projecting Act's vision for further reforms.

**United Future New Zealand (1993-96)**

In many ways the party now known as United Future New Zealand epitomises modern New Zealand politics: moderate, centrist, neo-liberal, office-seeking, and constantly-evolving. The party, in its current manifestation, is an amalgamation of a number of minor parties – most notably the United New Zealand party and the Future New Zealand party. Both of these parties were formed in 1995 in the lead up the first MMP election.

In 1995 United New Zealand was the more significant of the two parties – set up by four National MPs and three Labour MPs. The party deliberately sought to be a centre party that was market-orientated but socially liberal. Not only did the party lack a strong programmatic orientation but it also had no charismatic candidates or leaders, and largely had the appearance of a marriage of convenience to save the careers of its participants.

The other main component party – the Future New Zealand party – was formed by National MP Graeme Lee as a Christian party, and initially called the Christian Democrats. Lee formed it because he viewed the existing Christian party, the Christian Heritage Party, as being too extreme and fundamentalist. To Lee, the alignment between the Christian Heritage Party and the morally conservative

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26 The National MPs were Bruce Cliffe, Pauline Gardiner, Peter Hilt and John Robertson, and the Labour MPs were Clive Matthewson, Margaret Austin and Peter Dunne – although Dunne had already left Labour to start a short-lived party named Future New Zealand in November 1994.

27 According to Boston et al., 'it was not until late February – eight months after its formation and just prior to the announcement of the coalition – that the party issued a policy position statement' (Boston et al., 1997c: p.120). It was also reported in 1999 that United's then leader, Peter Dunne, agreed the party might not 'have one or two policies that clearly set it apart from the rest' (Edwards, 1999e: p.2).

28 This was reflected in a 1995 UMR-Insight poll that found two-thirds of voters thought the party was launched by its MPs in order to retain their seats (Smellie, 1995b: p.15).
churches made it narrow and extreme and thus unelectable. But unlike the Christian Heritage Party – and despite their name – the Christian Democrats never considered themselves a Christian party.\(^{29}\) This is largely because the party leaders believed that the collective Christian vote was not big enough to get the party into Parliament by itself. Correspondingly and unlike its rival Christian Heritage, the Christian Democrats welcomed non-Christians as members or even leaders (Heeringa, 1995: p.81). Their operating strategy revolved around the policy of ‘think biblically, speak secularly’ (James, 1995e: p.13).

In 1996 the Christian Democrats went into an electoral arrangement with Christian Heritage, called the Christian Coalition. The Coalition represented a move to much more moderate policies for Christian Heritage, as that party’s more extreme messages and ideas were shelved in order to expand their audience. This was apparent in the Coalition’s list of ‘non-negotiable principles’, which comprised, according to Campbell, ‘a bland set of statements about upholding the sanctity of life and promoting traditional marriage. Few could object’ (Campbell, 1996c).\(^{30}\) On most of Christian Heritage’s former social policy goals, the Coalition had nothing to say. This included: the Homosexual Law Reform Act, the Contraception, Sterilisation and Abortion Act, the restoration of capital punishment, nor even the right to discipline children by hitting them (Clifton, 1996b: p.C3).

The Alliance (1993-96)

The Alliance and its dominant element – the NewLabour Party (NLP) – represented an attempt at resurrecting a traditional social democratic vehicle.

\(^{29}\) The party’s president, David Brown, pronounced: ‘We reject the label "Christian party". I think it’s fair to say that the party is informed by Christian values and ideas, but it’s no more a Christian party than my business is a Christian business’ (quoted in Heeringa, 1995: p.81).

\(^{30}\) Clifton also pointed out the party was now pushing ‘a more generic brand of Christianity’, and rather than acting as ‘an avenging, Calvinist presence in the House’ the Christian Coalition was actually ‘putting as much work as possible into looking moderate’ (Clifton, 1996b: p.C3).
Although by the standards of European social democracy this programme was far from radical, compared to the other mainstream New Zealand political parties the Alliance’s programme initially entailed a major shift to the left. Yet the Alliance was subject to moderating forces from its very formation, and moderated a great deal in a short period of time. A major shift occurred throughout the 1990s in taxation policy. When the Alliance first launched its tax policy in 1992 it proposed confiscatory marginal tax rates of 70 percent, but these became heavily criticised – most notably at the Wellington Central by-election. One year later at the 1993 general election the party unveiled a much-modernised new scheme whereby ‘Everyone earning above $31,903 would pay more tax but with an overall top rate of 40 per cent (compared with the [then] 33 per cent) and a marginal rate of 49 per cent’ (McLoughlin, 1994c: p.66). In the early years the asset buy-back policy of the Alliance was also considerably toned down. Initially it advocating that those ‘strategic’ assets that had been sold by the Fourth Labour Government – such as Telecom and Air New Zealand – should be re-nationalised, but the party ceased emphasising this policy and effectively dropped it by 1996.

The Alliance’s opposition to the free market declined over the years. Even as early as 1994, party leader, Jim Anderton was indicating that the Alliance would only modify the market a ‘little’. Slowly, but surely, all the radical policies proposed at the party’s formation were sidelined. For instance, in industrial relations the policy of a shorter working week was quietly removed from the Alliance’s policy programme in 1994. Similarly its promise to create full employment was downplayed and revised to creating it within twelve years (Cowan, 1994: p.3)\textsuperscript{31}

\textsuperscript{31} Anderton stated: ‘I’d love to say we can return to full employment, but I’ve looked at it every which way and I don’t think it can be done’ (quoted in Hyde, 1994b: p.84).
1996-1999: The Decline of Neo-Liberalism and Rise of Third Way

A central reason for the emergence of the new centre in the mid-1990s was the dissipation of neo-liberalism as an ongoing movement for change. As early as 1992, and certainly by the mid-1990s, the free-market tide had turned. Internationally and within much of the local business community the enthusiasm for further reductions to the state was curtailed. Further deregulation and tax cuts also soon fell out of favour. A new 'balanced' economic approach was developing between Labour (first) and National (later) in the 1990s that combined both market forces and state intervention. This was often termed a 'corrective' to the economic framework – as the 'rough edges' of the reforms were removed. This approach was later labelled the 'Third way' and most associated with social democratic parties in Europe. Rather than a retreat from the general neo-liberal framework per se, the new approach represented a ruling out of the extremes of neo-liberalism thus making it possible for a more balanced neo-liberalism to finally become the new orthodoxy in the late 1990s. A crucial part of the developing economic consensus that allowed the left (such as the Alliance, Green Party, and Labour Party left) into the consensus was therefore the decline of the more severe and reforming elements of the new economic consensus. In this, social democrats promote the idea of an alternative to both old fashioned statist social democracy (the 'First Way') and the total market-driven society (the

32 The decline of neo-liberal economic ideas amongst the elite began in the early 1990s. According to Kelsey, Richardson had 'lost most of her power in, and support from, the business community earlier in the [1993] year' (Kelsey, 1995: p.42).

33 The ideology of the Third way provided justification for the adoption of a watered-down neo-liberal framework by the left. The nature of the Third way also involved accepting globalisation, but at the same time adopting 'an active state' policy to mitigate the negative affects of globalisation. But pointedly, such an active state did not necessarily involve increasing the size of the state or increasing taxes or state expenditure. All this really amounted to just 'liberalism on the cheap – a bit of support for high-tech industry, some incentives to stimulate research and development, a few job retraining programmes and apprenticeship schemes' (Campbell, 1998b: p.35). The new framework of thinking placed an emphasis on legal changes and regulation rather than radical intervention in the market place. Changes can be made without increasing the size of the state and government spending.
'Second Way'). Significantly, most of the right also embraced a withdrawal from the extremes of neo-liberalism, and accepted 'corrections' to the framework.

This retreat from the neo-liberal agenda was due, firstly, to the failure of free-market reforms to meet their stated objectives, which was leading, according to Easton, to their re-evaluation and the rejection of further initiatives (Easton, 1999b: p.A17). Secondly, many business interests began to consider that a minimal state and an extreme free-market society were not actually good for profitability, and this furthered the decline of neo-liberalism. As pointed out in Chapter Two, business in New Zealand has always been assisted by government intervention in the economy, whether in the form of subsidies, cheap loans, or state investment in infrastructure. Consequently, as early as 1992, James was writing that 'a resurgence of interest' existed about an 'appropriate positive role for the state in business and the economy at both the micro and macro levels' (James, 1992a: p.313). According to James, 'The economic policy consensus that is emerging is for a much greater reliance on markets as a mechanism for allocating resources and distributing outcomes, but, after the rebalancing has worked through by the mid-1990s, a fair lashing of state intervention' (ibid). Furthermore, according to Kelsey, New Zealand had secured 'a damaging international reputation among many real investors for running a Wild West economy. This image, combined with market failure in various privatised utilities, meant some re-regulation was unavoidable' (Kelsey, 2002: p.71). More businesses therefore were becoming critical of the withdrawal of the state from assisting business and the lack of regulations to protect them. They argued that a greater degree of government intervention was desirable for business growth.

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34 Easton argued that 'Commercialisation is being eased off the Government agenda. Sure, the pressures for privatisation and user-pays continue, but they are fewer and there is a seeking of new directions. It is not only MMP that has done that. The manifest failures of so many policies of the past are leading to their revaluation' (Easton, 1999b: p.A17).

35 This general trend was reflected in the decline of the influence and standing of the Business Roundtable amongst both business and the public. See: Chapter Five, Harris and Twiname (1998), and Rotherham (2000).
Chapter Three: Post-Reform Consensus

For example, by 1999, National’s finance spokesperson Bill English was recounting that business had been antagonised by National’s hands-off approach: ‘We’ve been telling them [business] for eight years, “There is the framework and the government doesn’t get involved” and that’s worn the relationship’ (quoted in James, 1999c). National’s response was to begin re-regulating, and this started with attempts to regulate the supply of electricity. Government re-regulation also became more acceptable — especially because it did not require increased government spending. Therefore while both National and Labour continued to be in favour of opening the economy further, they also both accepted the need for more stringent competition policy (James, 1999d: p.69).

A ‘correction’ was also made in terms of the ‘excesses’ of neo-liberal social policy. Most prominently, Bolger pushed his ideas of ‘social capital’ and Bill English argued for greater social expenditure. According to James the right had accepted that a greater degree of government intervention is necessary for social solidarity reasons: ‘They agree the state will spend around $25 billion on social assistance and social services, which they also agree must be more diversified and innovative, though they differ on the diversifications and innovations’ (ibid). Upton later explained the need to moderate the National Party:

National’s enthusiasm for the market system is tempered by a realisation that if there is no accommodation with public demand in our sort of democracy for significant elements of social insurance, a liberal (as distinct from social democratic) government will be unelectable (Upton, 2000: p.21).

In a sense, the Third way amounted to a sophisticated form of post-neo-liberalism. According to Kelsey, it meant that ‘Globalisation would have a social face, including protections for labour and the environment, and would only be undertaken on a reciprocal basis. There would be greater consultation with

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36 English summed up National’s orientation to neo-liberalism when he said, ‘We had to do what we did but are now looking for a bit of a New Zealand Inc approach’ (quoted in James, 1999c).
business, unions and "civil society" (Kelsey, 2002: p.38). This fitted in perfectly with creating a new centre on the political spectrum – one where:

the 'free-market orthodoxy' is normalised and more deeply embedded. Succeeding governments continue to operate within the redesigned institutional structures, policies and laws. The core economic changes are maintained, while the government addresses the most serious market failures and socially disruptive effects' (Kelsey, 2002: p.53).

More specifically, according to Kelsey, the 'Third Way enables centre-left governments to rationalise their role in consolidating neoliberalism', while giving the appearance that those reforms are being rolled back (ibid: p.54). Commenting on the 1999 general election, Miller argued that 'While it suited National electorally to depict Labour as left-wing, in the vital area of economic policy the differences between the two parties were more imagined than real' (Miller, 2001: p.231). Likewise, James said the economic similarities between the two main parties were insignificant: 'Labour and National, with around three-quarters of the vote, offer variations on a theme rather than different futures' (James, 1999d: p.69). Ruth Laugesen also pronounced the existence of a new economic orthodoxy: 'In reality though there is little on the economic policy fundamentals that separate Labour from National. The cross-party consensus is as strong as ever that New Zealand should remain a low-inflation, fiscally conservative, outward looking economy' (Laugesen, 1998b: p.F2).37

Labour Party (1996-99)

The Labour Party's stance under Helen Clark could be characterised as economically right-wing combined with a soft-left approach to social issues.38

37 According to Smellie, too, 'New Zealand is reducing debt, funding tax cuts, and increasing spending, all at once. What is more, every major political party fundamentally subscribes – with varying degrees of credibility – to that broad mix' (Smellie, 5 Jul 1998: p.14).

38 Prior to the 1999 general election, David Lange criticised his party claiming that Labour was no longer communicating ideals, and had no sense of purpose and that 'Labour's pragmatism means that the
This was especially the case after 1996 when the party moderated the more left-wing aspects of its manifesto, and adopted an economic programme even less distinctly different from National's. In employment policy, for example, the party essentially mimicked the National Party's own arguments when it argued that only economic growth would reduce unemployment. Again Labour's position on the Reserve Bank Act shows that Labour's approach to unemployment and inflation was no different to what the National Government was doing. Slowly but surely throughout the late 1990s Labour accepted many other elements of National's neo-liberal reforms. Although the party appeared to stand against National's reforms – voting against them in Parliament and pointing out their negative consequences – Labour usually then went on to adopt National's positions as their own policy.39

One of Labour's major moves to the right involved the adoption of a new low tax policy. After the National regime of 1990-99 implemented tax cuts, the Labour Party accepted the new taxation system, choosing not to reverse the cuts. Although Labour had not actually implemented the new regime itself, the party made a conscious choice to continue National's tax policy. Crucially, this acceptance of a lower income tax rate impacted heavily on Labour's projected spending. The tax cuts for the wealthiest New Zealanders meant that a Labour Government would have $2.4 billion less a year to spend, which in 1999 Labour proposed to offset only slightly with a small tax increase for those earning over

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39 Time after time Labour ruled out reversing the National changes that they had once opposed. For example they opposed the abolition of the broadcasting fee, but then prior to being elected in 1999 they ruled out reinstating it. Also ruled out was the reintroduction of tertiary student allowances. The party also refused to guarantee lower student fees, despite its earlier promise to cap fees at $1000. Steve Maharey said he hoped to 'stabilise' fees at first – which was indeed achieved – and then gradually bring them down by agreement with the tertiary institutions.
More significantly, Labour became even more fiscally conservative than National by advocating even higher budget surpluses than National (to be used to underpin its national superannuation fund).

Labour's adoption of the third way approach underlined the party's office-seeking character. For, as Gamlin pointed out, this approach seemed to be mainly about pragmatism and political tactics rather than any real ideological objectives:

it is not a statement of hard-driving ideals based on deep emotional commitments that once characterised parties of the left. It is a wish-list that seeks to cast a wide net for public support but which has no specific agenda. In this sense, the third way needs to be viewed primarily as a political strategy, with electioneering in mind. And it is a successful strategy, for while the old social democratic ideals may have been marginalised, the transformed parties of the centre-left have not. Since the early 1990s, these parties have been returned to power throughout the world, thanks to their willingness to compromise and adapt (Gamlin, 1999a: p.17).

Essentially the Third way was a means of justifying the new middling position of social democratic parties between Keynesian social democracy and neoliberalism, and hence its original title – the 'middle way'. However the approach was never really at the mid-point between the two discredited ideologies, but was really, its critics argued, just the adoption of a more human face for neoliberalism, and so the name of the third way was adopted.

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40 By 1999 Labour had adopted taxation and expenditure policies that were very similar to National's – only promising a very slight increase in taxation and expenditure, which eventually amounted to about 0.5 percent of GDP.

41 Even in welfare, the Labour Party eventually capitulated to National's reforms. After spending three years of the late-1990s fighting restructuring of the welfare sector, Labour released a new welfare policy prior to the 1999 election that endorsed all the changes National had brought in.

42 As Eichbaum has argued, 'far from offering an alternative policy trajectory' the third way has been 'evoked in an attempt to mask a continuation of the earlier consensus' and that rather than being a new form of social democracy, it appeared 'as nothing more than a watered-down version of the neo-liberal politics and policies pursued by Thatcher and Reagan' (Eichbaum, 1999: p.38). Furthermore, 'as a political programme or policy set it represents not an alternative as such, but the recasting of the neo-liberal programme in a different guise – the difference between the neo-liberal programmes of Thatcher, Reagan (and Regan Douglas), and the Blair/Clinton variants being more symbolic than substantive' (Eichbaum, 1999: p.52)
National Party (1996-99)

In the mid- and late-1990s most National MPs were aware of the need to give up more of the radical ground in politics and reintroduce a new moderate approach to governing. However there were some MPs who 'had interpreted their party's narrow victories in 1993 and 1996 as a mandate to press on with a right-wing agenda' (Gamlin, 1999c: p.25). In the 1996-99 parliamentary term this faction pushed for and won further cuts to superannuation and the removal of ACC's monopoly, but the public's angry reaction to such reforms reinforced to the dominant National leadership the need to retreat to the centre. Bolger, in particular, was increasingly keen to portray National as the party of pragmatic economic management, and of continuity rather than change. He was also proud of the fact that following the first MMP election in 1996 he was able to move 'to accommodate the clear call for a “kinder, gentler” form of conservatism, by successfully wooing New Zealand First into a coalition with National' (Trotter, 2000h: p.13).

When Jenny Shipley eventually took over the leadership of National in 1997, many expected the government to lurch again to the right. But such an expectation was mistaken. Shipley and her advisers were actually keen to portray her as a moderate, centrist prime minister. Her backers believed that Bolger was too closely associated with the battles of the past, and the party needed to re-focus on issues that would win over the support of the middle ground (Templeton, 1997: p.C2). Shipley attempted to convey an image of being a conviction 43 Shipley launched her prime ministerial career creating the expectation that she would re-establish National's 'brand' by pushing through distinctively new right reforms, such as market-based sectoral reform, and later, superannuation cuts. And then after the coalition broke down, the new Cabinet, according to Vowles, represented a shift to the right - mainly 'Due to the exclusion of all former New Zealand First members other than [Tau] Henare' (Vowles, 1999: p.478). The hardliners in the caucus managed to push forward the neo-liberal ideology in a number of areas - but many of these efforts were defeated, including Max Bradford's Holidays Reform Act, John Luxton's Reform of the Producer Boards, and Rob Storey's Roading Reform.
politician with many new ideas, but this was deceptive. Economist Keith Rankin went as far as saying that Shipley was actually 'a neo-conservative, not a neo-liberal. She represents the new Centre, not the far Right' (Rankin, 1997b: p.1). He argued that Shipley's putsch was part of a bold National Party reorientation towards the centre. Likewise, Chris Trotter argued that 'Shipley is no Richardson. Her thinking is much less dogmatic and a great deal more subtle than that' (Trotter, 1997r: p.14). Ian Templeton also argued that despite coming from the right-wing of the National Party, Shipley was actually coolly distancing herself from the Business Roundtable and associated extremism (Templeton, 24 May 1998: p.C2).

In the second half of 1998 National made a clear retreat from its neo-liberal agenda. A succession of very poor poll results illustrated to the government that a dramatic re-orientation back to the centre was required. Clifton outlined how National retreated from hard-right positions in that year: 'National has staged not so much backdowns as cringe-aways from key tenets of progressive capitalism: roadng reform, producer board de-monopolisation, further tax cuts – practically

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44 The myth of Shipley as a conviction politician was also illustrated by her heavy use of market research in making policy. In particular, when she assumed the leadership in November 1997, she reportedly spent much of her time consulting spin doctors (Laugesen, 1999d: p.C3). The world chief of Saatchi and Saatchi, Kevin Roberts, became a close personal mentor and confidant of Shipley's, and was apparently successful in dissuading her from using right-wing rhetoric (ibid). The fact that the Prime Minister was a poll-driven, media-politician sits awkwardly with the popular perception of Shipley as an ideologue led by conviction.

45 Political commentators were quick to describe Shipley's Cabinet reshuffle at the end of 1997 as a 'lurch to the right', especially because winners included the neo-liberal Luxton, Williamson, and Bradford (Vowles, 1999: p.477). However, in reality, the new Cabinet line-up suggested a continuation of Bolger's move towards the centre – in injecting new and younger blood into the leadership, Shipley was actually promoting a new generation of pragmatic MPs. Furthermore, the most senior winner in the reshuffle was the highly pragmatic Wyatt Creech, who had in the early days of Bolger's government been the biggest thorn in the side of Ruth Richardson's Cabinet manoeuvres.

46 There was some disquiet within National at the revival of this radicalism. At a party conference, president Geoff Thompson was strongly critical of the parliamentary leadership for pushing National into an extremism that threatened the party's support base. In particular, he singled out 'Agriculture Minister Lockwood Smith, Commerce Minister John Luxton and Transport Minister Maurice Williamson, saying reforms they were promoting threatened National's support in its rural and provincial heartland' (NZPA, 1998f: p.F2).
every policy initiative undertaken in recent times. Only the introduction of private insurance competition into accident compensation was ploughed ahead with' (Clifton, 1998e: p.19). The budget of that year was also a conservative and unremarkable one. Although it provided for debt repayment and a fiscal surplus, it also contained a relatively liberal amount of expenditure (Vowles, 1998c: p.482). As with the Bolger administration, under Shipley the government continued to increase its expenditure. And even after escaping the confining dimension of the coalition with New Zealand First, the Shipley government made no further structural reforms.47 The election year budget also included a lot of talk about helping 'low and middle-income mums and dads', and there was little in the way of spending cuts that National had identified itself with. Instead there were increases in tax credits (the baby bonus and other assistance to low and middle-income families) (James, 1999b). Shipley was unusually very open about the government's new direction and sought to justify the new-found moderation by stating, 'U-turns may well become the norm as we negotiate and seek accommodations and considerations' (quoted in Armstrong, 3 Aug 1998: p.A6). While Bolger previously described his National government unequivocally as a centre-right government Shipley now pronounced National as 'centre, centre-right' (quoted in Laugesen, 1999d: p.C3).

National spent all of 1999 trying to find ways of reversing its rightward trajectory and reclaiming the political centre. Defensively, the party was keen to neutralise many of the differences between it and Labour. Shipley was even willing to admit the dearth of differences between the parties in the election campaign saying that, 'There are less overwhelmingly significant issues than there's been in many

47 Shipley failed to push through the hard-line reforms that both her supporters and opponents expected, and in particular, 'changes to liberalise employment law were pushed off the government's agenda' (Vowles, 1999: p.480). In few other areas did the rightwing of National make much progress: 'Proposals to introduce competition into accident compensation and to divide and privatise electricity generation went ahead, but National watered down its policies on producer boards in the agricultural sector. Original proposals to disestablish the Boards and their statutory export monopolies were set aside in favour of deregulation on a more consultative basis. The government also decided against the purchase of a third naval frigate' (ibid).
years’ (quoted in Smellie, 1999: p.C1). The National leader cited the big election issues as tax, labour relations, jobs, and the country’s economic direction. But it was only in the area of tax and labour relations that Shipley managed to differentiate the two parties. In the run-up to the election campaign National became more pragmatically interventionist. National now agreed with Labour that governments have a role not just in reducing the costs of business but also on the revenue side by working alongside business and setting up conditions that encourage or enable business to expand revenue.

Another major capitulation was that National no longer pushed a line of reducing social spending – the party was now in agreement with Labour that the state should spend about $25 billion a year on social assistance and social services. In fact during the election National trumpeted how much it had been spending on social services. The new generation of ministers were particularly keen to point out and celebrate that the government was spending about $20,000 a year per household on health, education and welfare. They boasted that in real dollar terms, the money spent on social services, health and education had increased greatly under National. In particular, between 1993 and 1996 National had increased real spending on health, education and social services by up to 1.7 per cent a year, and after 1996 this had accelerated to more than four per cent (Armstrong, 17 Apr 1999). This message was a much different one to the heyday of Ruth Richardson, when the party expressed the need to not only limit the growth of social expenditure but to dramatically reduce it.48

New Zealand First (1996-99)

New Zealand First MPs justified their decision to go into coalition with National rather than Labour after the 1996 election on the basis that National was better able to bring about political stability and economic growth. In return for choosing stability and growth, New Zealand First had to give way in their ‘demands for new

48 See also: Speden (1999f: p.13).
restrictions on overseas investment and immigration, and the idea of repurchasing the Crown's recently sold forestry assets' (Boston et al., 1997b: p.11).\textsuperscript{49} According to Boston and McLeay, New Zealand First's policies were moderated during both the election campaign and the coalition negotiations, and thus the party 'truly crossed from centre left to centre right' (Boston and McLeay, 1997: p.230).\textsuperscript{50} In a sense, the decision to go with National was also quite a natural one for New Zealand First, first, because its origins were in that party, and second because the basic ideological flavour of the party was now centre-right and not – as commentators and voters had previously perceived it to be – left-of-centre. But the fact that New Zealand First was considering both National and Labour as its coalition partner, and could have easily gone either way, also indicates that the space between the parties was not significant.

There is no doubt that, upon becoming part of the government, New Zealand First had to accept further elements of the prevailing economic orthodoxy. While compromises have to be made in any coalition, commentators like Laugesen pointed out that, 'Peters in his role as Treasurer has not just compromised, he has become an enthusiastic convert to the National economic world view' (Laugesen, 1998a: p.F1-2).\textsuperscript{51} Right from the beginning of the new government the coalition agreement committed New Zealand First to an essentially National Party line in macro-economic policy. The agreement broadly continued the National Party strategy developed between 1990 and 1996, with New Zealand

\textsuperscript{49} See also: Barker (1998: p.253). New Zealand First also had to accept the continuation of the ECA, which New Zealand First had earlier pledged to repeal.

\textsuperscript{50} New Zealand First had a number of policy similarities and differences with both National and Labour: 'In policy terms, the party was closer to Labour than National across a wide range of policy dimensions, especially in the areas of monetary policy, asset sales, education, health, social welfare, immigration and Treaty of Waitangi issues; it was, however, spatially closer to National on industrial relations and fiscal policy, and equidistant from the two parties on the controversial issues of compulsory superannuation and the re-purchase of the Crown's recently sold forestry assets' (Boston and McLeay, 1997: p.218).

\textsuperscript{51} Likewise, James argued that once in government, New Zealand First 'dumped the part of the rhetoric – and support – that was "opposition" and "left", and adopted and promoted the part of the rhetoric and support that was "government" and "right"' (James, 1997d).
First subscribing to the main directions of social and economic policy. The coalition agreement was therefore, 'from its inception, a repudiation of the position taken by New Zealand First throughout the election campaign' (Lange, 1997b).52

Probably the most important economic compromise that New Zealand First made was the abandonment of their economic nationalist stance. This was indicated most strongly in Peters' first budget speech in June 1997, when he announced that all tariffs would be abolished by early the next decade. The new stance was also reiterated by the party's new reluctance to oppose foreign investment. Essentially National's open borders economic policies therefore remained intact in the coalition government, with only minor changes to foreign investment rules.

New Zealand First's popularity declined dramatically during this term, partly due to the fact that it suddenly became apparent to supporters that the party had no core philosophy – it did not stand for any real principles. Although the party had managed to bring brand-enhancing and differentiating policies into the Coalition Agreement, many of these were ultimately compromised. The decline of New Zealand First in 1999 could be found, most of all, in that the party was no longer radical. Peters' supporters had voted for what they thought was a party opposed to the status quo (especially in terms of immigration, foreign control of the economy, and general neo-liberal economics), but then found that once in government the party became an apologist for the new order.

**Act New Zealand (1996-99)**

Once elected to Parliament, there was a perceptible shift in Act's focus. While Act

52 New Zealand First made much of the additional public expenditure that they had managed to negotiate into the coalition agreement. However such expenditure was actually quite modest: 'When allowance is made for inflation (of, say, 2-3 per cent per annum), nominal increases of this magnitude will result in real expenditure levels remaining virtually unchanged over the three years in question' (Boston and McLeay, 1997: p.234).
probably thought that its first year in Parliament was a time to define the party's brand more clearly, the new MPs ended up being identified with trivia, side-issues and gossip. The populist side of Act emerged early in its Parliamentary existence, when Rodney Hide launched his anti-perks campaign. If anything, the strategy simply further obscured the party's deeper policy message.\textsuperscript{53}

In 1997 Act moved to reposition itself as a more socially-conservative party. The new strategy did not fit well with their 'progressive-liberal' image. It seemed to be a strategy that would undo its relatively successful repositioning of 1996. This earlier intelligent repositioning had focused on winning urban-liberal support, leaving National to concentrate on the rural and provincial vote (Trotter, 1998a: p.13). So although Prebble, when taking the leadership, declared Act 'a credible, liberal progressive centre-right party', it soon drifted towards replicating the traditional National Party, in seeking the support of the conservative rural voter. Related to this, Act's identity and purpose was slowly reshaped and redefined away from new ideas and radical reform, and it became 'a party of sense and stability' (Campbell, 1996e: p.18). Thus, although it started out as a party reflecting the image of Roger Douglas, and therefore attempted to be 'the intellectual powerhouse of the right', Act quickly became a moderate shadow of its former self (Laugesen, 1997c: p.C1).\textsuperscript{54}

As National moved further into the centre of the political spectrum, Act too gave up more of its far-right position. When, in 1998, it released its alternative budget policy statement, it omitted unpopular measures such as cuts in social spending,

\textsuperscript{53} See: Reid (2001: p.267).

\textsuperscript{54} In 1997 Richard Prebble defined what the caucus could now agree on: 'We all agree on privatisation, free trade, the Reserve Bank Act, the Employment Contracts Act and the rule of law' (Prebble, 1997: p.19). Unfortunately for Act, this was hardly a well-defined party identity, nor an identity that differed in substance with that of the two main parties. Even when Prebble elaborated on the Act identity, it sounded rather woolly: 'Act's basic principles are that the state ought not to do for people what they can do for themselves, and that individuals should have the maximum choice in the way they run their lives. We firmly believe in the rule of law and property rights, and free enterprise, and rewarding the virtues of hard work, thrift and taking responsibility for your own family' (Prebble, 1997: p.47).
instead advocating only a few asset sales and a tax cut of three cents across the board.\footnote{See: Laugesen (1998f: p.C2).} The *National Business Review* commented that Act's extremes had been considerably tempered:

Gone is the spiritual call to arms of massive spending cuts and a revolutionary social programme in the health and education sectors. Instead a round of asset sales... tax cuts and the modest target of paring back future unallocated spending to fund them.... A document which at first glance looks macho is actually a major revision of the party's position and a revision towards compromise at that. Where were the vitriolic attacks on the profligate spending in the coalition agreement? Replaced with an acceptance of current (previously lunatic) spending commitments (Molesworth, 1998c: p.19).

Another of Act's founding policies was axed in 1998 when Prebble abandoned its compulsory savings proposal for superannuation, following a public referendum that showed a very similar policy to be clearly unpopular.\footnote{In the referendum, 91.8 percent of voters said 'no' to the question: 'Do you support the proposed Compulsory Retirement Savings Scheme?'. The official turn-out was 80.3 percent.} Then in January 1999 Act released its three-point plan for the economy, recommending a cut in the tax rate of three cents, the sale of three SOEs, and the cancellation of all unallocated spending. Laugesen commented that 'for Act, this is mild stuff. With Act striving not to frighten the voters before the election' (Laugesen, 1999a: p.C2). Additionally, the party dropped its demand for National to cut taxes as the price for Act's support of its next Budget. Act's alternative budget of that year also differed little from that of the National Government in terms of taxation and expenditure levels. While the government planned to collect $42,100 million and spend $40,900 million, Act stated that if it was the government, it would collect $39,419 million and spend $38,409 million – hardly a radical difference (Edlin, 17 Nov 1999: p.6). Furthermore, in pledging to cut taxes yet spend more money on certain areas of health, education, welfare and law and order, Prebble had trouble pointing to where cuts would be made to bring about the necessary resources, except to say that 'the money would come from reprioritising department spending' (Graeme Peters, 1999a: p.2).
Chapter Three: Post-Reform Consensus

As it moderated its radical economic positions so as not to be so far outside the 'new centre', Act took up an increasingly socially conservative programme as a radical replacement. Pushing populist buttons on issues such as the Treaty and crime meant that Act could moderate its economic message, suiting the new consensus that was developing in this area, but at the same time differentiate itself from National. Since National had adopted many of Labour's liberal stances on social issues, there was a gap in the political market for these conservative voters. Furthermore, with the pendulum swinging even further away from the hard economic right, Act quickly needed to abandon its more purist messages in order to retain support. Emphasising these populist issues was a way of deemphasising its neo-liberal founding polices without having to totally abandon its founding principles. 57


The Greens' departure from the Alliance in 1997 saw the re-emergence of many of the more conservative Green supporters and members who had been alienated from the Green Party's involvement in what they perceived as a hard-left and socialist Alliance party. 58 The re-involvement of the mystics and pragmatists led, on the one hand, to a more mainstream and liberal political approach and, on the other hand, to a concentration on issues such as genetic modification (GM) and environmentalism. The policy developed by the now-independent Green Party was mostly — but not consistently — to the right of what the Greens had stood for as members of the Alliance. In January 1999 the party decided on its core policy themes for that years' election: 'safe food (instead of

57 This is an example of 'saliency theory', whereby 'compete primarily by emphasizing — by manipulating the salience of — different issues rather than by taking different positions on the same set of issues' (Klingemann et al., 1994: p.xx).

58 For instance, Wellington City councillor Sue Kedgely publicly celebrated the Greens' departure from the Alliance and became more involved in the party. Similarly, ex-Aotearoa Legalise Cannabis Party candidate Nandor Tanczos joined immediately, later declaring his distaste for the left-wing nature of the Alliance, and heralding the Green Party as 'beyond left and right' (quoted in Taylor, 1999).
genetic engineering), nature conservation and strong communities' (Dann, 1999). Before this time the Greens had not strongly associated themselves with opposition to genetic engineering. Another highly contentious issue – drugs – also became associated with the Greens, who began to be characterised as a libertarian-left party.

**United Future (1996-99)**

In the 1996-99 parliamentary term Peter Dunne's United New Zealand amalgamated with (or 'consumed') a number of minor parties, including the pacific islander-based Advance New Zealand, the Asian-based Ethnic Minority Party, and the rural-based Conservative Party. The ethnic influence was very strong on United at the 1999 general election, with the party's 23 candidates representing ten different nationalities, and party policy being published in five different languages.59

The Christian constituent party of United Future, the Christian Democrats underwent an important transformation during this period. The party had still not coalesced with Peter Dunne's United Party, but it broke away from the Christian Coalition, changed its name to Future New Zealand, and abandoned some of its more radical policies. The shift began with the retirement of its leader, Graeme Lee, after which a major re-organisation and re-orientation began. Most significantly, the party changed its name to Future New Zealand, began to further downplay its Christian-orientation, and Anthony Walton was elected as new leader. Dropping the term Christian from the party name was a central part of this moderation, with Walton believing that 'the party cannot afford to be seen as extremist, but must promote a comprehensive range of policies "that can make this country rock", to win support' (Bain, 2000a: p.12).60

59 See: Sheppard (1997), and Stonyer (2000).
60 According to the new Future New Zealand executive director, Murray Smith, 'The Christian Heritage Party have effectively been a morals party and as a result they have not been able to get the numbers they need' (Bone,
Summarising Future New Zealand’s new political programme, Clifton believed that instead of being to the far right of National, the party was merely pushing a more bland and cautious agenda than National:

Future New Zealand, like National, is moderately socially prescriptive, promotes a smaller state, low taxes, the Reserve Bank’s current monetary settings, lower public spending and free-market prices for goods and services, as well as the development of more social services from non-governmental organisations. Unlike National, it would promote home ownership, superannuation savings and trade development by financial incentives (Clifton, 1998f: p.27).

Meanwhile, the Christian Heritage Party stood alone at the 1999 general election, and polled 2.4 percent of the party vote. Party leader Graham Capill later admitted that his party had softened its policies in recent years, saying ‘We have toned down the extremist-type statements. Our original manifesto sometimes put things very harshly and lacked compassion. We have tried to balance those principles of personal responsibility with care and compassion’ (quoted in Bain, 2000a: p.12).

The Alliance (1996-99)

It was in the run up to the 1999 election that the Alliance most substantially moderated its policies, motivated by office-seeking intentions on the part of its leadership. For instance, in June 1997 Jim Anderton announced to the party and public that the Alliance’s steeply progressive tax policies would be re-visited due to their unpopularity at previous elections. Then in the lead-up to the 1999 election the party increased the threshold for its first band of income tax increases up to $60,000 – in line with the Labour Party – a move which, according to party president Matt McCarten, ‘effectively neutralised the tax

2002a: p.30). Smith said that the name change for the Christian Democrats, ‘was necessary to distance ourselves from the previous, unworkable, coalition and remove any remaining confusion. The previous name created incorrect labeling and caused many people to misunderstand the broad scope, intention and perspective of our party’ (Future New Zealand, 25 Nov 1998).
debate in the 1999 campaign' (McCarten, 2000: p.36). In line with its softened tax proposals the Alliance also scaled back its projected programme of government expenditure.

Going into the 1999 general election the party offered its most moderate election programme yet. Even in its key area of trade policy, it was promising to bring in less than half the border protection promised at the previous election. Once in government the Alliance 'largely conceded the open economy question' (James, 2000d).

1999-2003: Consolidation of the New Consensus

It has been the capitulation of those minor parties that were once opposed to the neo-liberal framework – the Alliance, the Greens, and New Zealand First – that has done the most to bring about the new consensus since 1993. James argued in 1993 that the considerable differences in the party system were not between Labour and National but between the minor parties and the main ones. As examples, he gave the fact that the minors opposed ‘the Reserve Bank Act and the policy constraints it imposes’, that they ‘dispute much of the evidence of constraints on greater use of fiscal policy to stimulate economic growth to get jobs faster’, and they had fundamentally different tax policies (James, 1992a: p.140). By 1999 the gulf between the minor and major parties on such issues had narrowed considerably.

61 The only additional tax the Alliance proposed above Labour's was the addition of two small tax steps at $75,000 and $100,000 of income. Significantly, the Alliance's top rate, 47 cents in the dollar on incomes of $100,000, was the same as the top personal tax rate of the Howard conservative government in Australia.

62 See also: James (2000a: p.73). The government even reduced more tariffs than expected or promised: 'Contrary to the Government's stated policy, it also unilaterally and without consultation abolished tariffs on all imports from least developed countries' (Kelsey, 2002: p.39).
The election to government of the ostensibly left-wing parties of Labour and the Alliance in 1999 was the final move needed to create the full economic consensus and thus 'new centre' on the political spectrum. Prior to this the parties of the right had already pulled back from promising or emphasising fundamental structural change to the economy, and so for a full consensus to operate all that was now needed was the parties of the left to demonstrate likewise – that although they might have criticised the neo-liberal framework when they were in opposition, in government they would not threaten the status quo.

By the 2002 general election, debate about economic direction was noticeably missing from the election campaign, as the public turned its attention to other concerns. The parties themselves made little of economic issues in the 2002 election campaign, as Easton points out: ‘none of Act, the Alliance or the Greens – who in quite different ways dissent from parts of the consensus... chose to take their differences to the electors’ (Easton, 24 Aug 2002: p.38). Political commentator John Braddock also noted the striking consensus on economic issues:

The fact that the ‘Corngate’ affair has came to dominate the election campaign to the exclusion of other issues warrants consideration.... The election contest has been characterised by almost complete policy unanimity between the contending parties and the absence of any debate on health, education or the growing social polarisation. It was left to the Council for Christian Social Services to complain that not one of the political parties wanted to discuss the country's rising levels of poverty (Braddock, 2002b).

This suggests an increasing consensus on economic policy arising, according to Easton, ‘from the relative prosperity over the previous three years, plus an increasingly widespread agreement that economic policy is going in the right direction’ (Easton, 2002c: p.38). New Zealand society was therefore finally being

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63 Arguably, it was not so much the public that was not interested in economic policy as that the parties had effectively disenfranchised the public by excluding any alternative discussion outside their own narrow parameters.
brought into the economic consensus that had existed between the main parties for over a decade.


Upon its election, the new Labour-Alliance Government was heralded by many commentators, opponents and supporters as a genuinely left-wing government. Yet in its first year there was actually little substantial reform. Despite having had nine years to research and fine-tune its policies, during its first term back in power Labour largely made up things as it went along, and it was not long before the new government had run out of steam. Structurally, the economy was left alone, and any reforms dealt only with peripheral matters. The overall economic approach was still based on a belief in the market, leading to few reforms. Part of Labour's corrective strategy was to institute a number of 'regulatory reviews, all of which were carefully managed to minimise the shift and maintain the market-driven, light-handed approach' (Kelsey, 2002: p.71). As Kelsey has argued, most of these reviews were headed by conservatives, generally had a very narrow brief, and eventually advocated very little change.

If there was any anti-market reform, it was merely making correctives to the discredited neo-liberal project, rather than actually reversing such reforms. Thus, Labour and the Alliance did not actually remove every trace of the Employment Contracts Act, nor did they restore strongly progressive income tax scales. Labour also showed its fiscal conservatism by producing the first budget surplus.

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64 Upton declared that, 'This is the most left-wing government anywhere in the world in the last 25 years – second only to the Mitterrand government in France, which re-nationalised industries' (quoted in Clifton, 2000b: p.32). Similarly, James believed that the government was 'more "left" than it projected before the election, especially in business' estimation' (James, 2000f: p.77).

65 For this Easton criticised the government: 'There are some areas where the government has not reversed Rogernomics. Competition policy is still weak. Its regulatory regime assumes that there are numerous businesses in a market, whereas in New Zealand there are often only one or two. The failure to address the inadequacies of the public sector reforms may ultimately be the more damaging' (Easton, 2002a).
(of $2.3 billion) since 1996-7. This was partly achieved by reducing state sector spending as a percentage of GDP to a 25-year low (Braddock, 2002c). As Trotter pointed out, Cullen ‘has spent less – as a percentage of our gross domestic product – than Ruth Richardson. He has provided fewer resources to health and education than Winston Peters. And he has done more for the police and the army than Clem Simich and Max Bradford’ (Trotter, 2001g: p.10).66

The cornerstone of Labour manifestos of recent years has been health and education, and this has to some extent distinguished Labour from National during the 1990s – but under the Clark Government, these areas have been the chief victims of Cullen’s fiscal conservatism – with the annual increases in funding being far less than the rate of inflation, equating to cuts in real expenditure.67

Little has changed in health and in 2002 gross health expenditure was actually decreased from 2001.68 Labour has continued to use waiting lists to ration health

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66 See also: Easton (2002a), who says ‘this government has proved much more fiscally conservative than its Rogernomic predecessor’. See also: Roper (2000: p.11), who points out that the government outlined how it aims to ‘reduce government expenditure to, “below 35% of GDP over the next 10 years”, “to reduce gross debt to below 30% of Gross Domestic Product... and net debt to below 20% of GDP...”, and to achieve surpluses of $763 million in 1999/00, $1.01 billion in 2000/01, $2.1 billion in 2001/02, and $2.7 billion in 2002/03’. The tight monetary policy has continued (now aimed at 0-3 percent inflation), as has the goal of substantial surpluses. In contrast, the Labour Party indicated at the 1996 election that if the party became government, it would dramatically increase spending by $6.2 billion over three years. Also see: James: (2001d).

67 Supporters and critics of the Labour-led administration pointed out that government spending, especially on social needs, had increased. However such expenditure increases were not actually substantial. When allowance is made for inflation, such nominal increases will result in real expenditure levels in these areas remaining virtually unchanged. Even the previous National Government increased expenditure by similar amounts – if not more – as was the case in health: ‘On a real dollar per capita basis Labour is spending barely more than National did in its last year in office. Indeed from 1996 on, National was substantially boosting spending on health. On a real dollar per capita basis spending went up 4.5% in 1997-1998, 6.5% in 1998-1999 and 2.2% in 1999-2000. In contrast, Michael Cullen’s first Budget increased real expenditure on health per capita by just 0.7%’ (Harman, 2001: p.20).

68 After campaigning on the destruction and under-funding of the public health system for nine years, once in office Labour was not prepared to provide greater funding. And although the health sector bureaucracy was again reorganised, health users did not perceive improved service in terms of shorter waiting lists, or reduced cost of health. In 2001 health minister Annette King crowed about a 56 percent reduction in hospital waiting lists – until it became apparent that Labour had actually reduced them by cutting patients from the
services. In education, the publicly-owned institutions continue to be run-down, while the government has increased funding to private education providers. The first-term Clark Government defined itself more on three issues that were less radical than they appeared: ACC re-nationalisation,69 the new Employment Relations Act,70 and tax increases for the wealthy. The government also made much of its refusal to carry out further privatisation despite the fact that few assets that could be sold remain in state hands.71

Kelsey has correctly pointed out that Labour has attempted 'to build on, rather than revisit, the neoliberal economic paradigm' (Kelsey, 2002: p.51). The increased government intervention has not actually rolled back the reforms but merely added to them. The main outcome of the first three years of the Fifth Labour Government was therefore to consolidate and embed the neo-liberal reforms of 1984-99. Despite coming to government on a wave of popular opposition to the market reforms, by not making any substantial structural
/lists. Likewise, although Labour's 1999 credit card promised to 'cut waiting times for surgery', in cancer radiation treatment the government had to admit that the lists and waiting times had actually got longer (Harman: p.20).

69 Rather than carrying out nationalisation in the traditional sense of the world, the government has merely re-regulated the accident compensation market and returned a monopoly to the state provider – they have not taken public ownership of any private business. Whether this results in better cover for workers and employers is a technical matter that has been painted as an ideological one. Yet it is unlikely that reforms will make any substantial difference, and significantly the new government has not reversed the run-down of the ACC that has occurred over the years. The ACC payout figures announced by the government were also substantially less than those established under the previous Labour Government.

70 After the new Employment Relations Act was passed, Helen Clark commented: 'This is really a very moderate piece of legislation. If I had been implementing this in 1990 I would be labelled as a traitor and a destroyer of the trade union movement' (Interview, Morning Report, August 2000). Not only did the new industrial law only make a few tweaks to the old Employment Contracts Act, it essentially legitimised this previous right-wing industrial relations framework. At most, the Employment Relations Act was 'restorative rather than radical' (quoted in Trotter, 2000d: p.13).

71 That there are so few assets left to sell was seen in 1999 when Act proposed a list of state assets that should be sold it amounted to only three (including TVNZ and New Zealand Post). Furthermore, not only does the government seem happy for the currently privatised assets to remain in private hands, but it has also essentially brought in privatisation through its sale of the radio frequency spectrum and the likely sale of shares in Air New Zealand.
Chapter Three: Post-Reform Consensus

changes the Labour Party in government has actually endorsed the framework that was established by the Fourth Labour Government and the Bolger-Shipley Governments.\(^{72}\) Whilst stabilising the conditions for the continuation of neo-liberalism, the Clark government has simultaneously been able to claim that it is abandoning the neo-liberal framework because it has 'smoothed some of its roughest edges, mitigated some of its harshest effects and addressed some of the more serious market dysfunctions' (ibid: pp.49-50). This supposed even-handedness has therefore meant that by the end of its first term in government, the Clark administration had made 'the "fundamentals" of tight monetary policy, fiscal restraint, trade liberalisation and light-handed regulation' more secure than ever (ibid: pp.78-79).\(^{73}\)

Clark herself has admitted that many of the economic fundamentals of the previous National Government have been retained:

While acknowledging the need to move on and to embrace change, the government doesn't intend to throw the baby out with the bathwater. Yes, we have made moderate policy corrections in areas like industrial relations, but what is of far greater significance are those economic fundamentals which have not changed. For example: the Reserve Bank Act has not changed; the Fiscal Responsibility Act has not changed; the government has budgeted for good surpluses and will continue to do so; government spending is actually decreasing as a proportion of GDP, and; the government is committed to promoting open world trade (quoted in Kelsey, 2002: p.51).

Likewise, in the area of trade and industry the Clark Labour Government has actually pushed forward the free trade reform agenda, attempting to negotiate free trade deals with Singapore, Hong Kong and the United States. Far from

\(^{72}\) According to Kelsey, all the actions of the government have 'affirmed that commitment to fiscal austerity, light-handed commercial regulation, a monetary policy focused solely on inflation, and trade and investment liberalisation' (Kelsey, 2002: p.70).

\(^{73}\) On evaluating the first term of the Clark Government, Easton suggested that 'its economic policy framework is essentially a continuation of the late 1980s, with a few minor modifications: a kinder gentler rogernomics?' (Easton, 2002b). Easton also questioned whether the government was even a centre-left one, saying that 'No centre-left party could have readily engaged with Afghanistan (not after Vietnam) while its economic advisers include many rogernomes' (ibid). Easton noted that although the top tax rate had been raised to 39 percent, it was 'still lower than the 48 percent of the 1987 election' (ibid).
moving New Zealand away from its radical free trade position, Labour has only extended it, in what Easton has described as an ‘uncritical free trade stance’ and one which is characterised by ‘extremism’ (Easton, 2002a).\textsuperscript{74} In roading too, legislation has been advanced to allow for public-private partnerships in infrastructure development – essentially a license for private enterprise to take over the provision of public services. By contrast – but in line with Third way ideology – the Labour Party ceased to put much emphasis on policies to redistribute wealth to ameliorate socio-economic inequality.\textsuperscript{75} Instead, changes in the regulation of industry have been seen as a way to improve the lot of the poor. Changing the labour laws fitted this formula, as did re-regulation of the electricity and telecommunications markets.

Prior to the 1999 general election Clark said ‘Labour would use government business agencies such as Tradenz and business development boards to do more to help enterprises boost export performance’ (Laugesen, 1998a: p.F2). This was entitled the ‘active state’ approach – an acknowledgement that while globalisation could not be defied, the state could help businesses to compete. Not surprisingly, then, in government, Labour’s attempts at differentiating itself from National on the economy have amounted to little, essentially consisting of small amounts of expenditure on business initiatives.

In its time in power since 1999, Labour has been characterised by both an office-seeking and managerial-reforming approach. As shown above, it has been office-seeking in the sense of the slavish attention it has paid to public opinion and the need to stay near the centre of the political spectrum. The managerial-reforming nature of Labour is seen in the maintenance of the general neo-liberal economic framework. This maintenance rather than reform has meant that its emphasis has

\textsuperscript{74} Also, in terms of trade relations, ‘the Government broke its promise to integrate labour and environment standards into trade agreements and pursue only reciprocal, rather than unilaterial, liberalisation’ (Kelsey, 2002: pp.73-74).

\textsuperscript{75} However, there has been a very strong push to establish a national superannuation fund, which basically redistributes wealth between adults before and over 65 years old.
been more on the managerial side of this concept rather than the reforming element. However, some actions taken by the government suggest its continuing ability to manage crises with whatever tools necessary, regardless of ideology. For example, in taking the majority ownership of Air New Zealand or in buying back railway tracks – both of which conflicted with the established economic framework – the government was not acting in a highly (left-wing) ideological manner but was managing a crisis with the options that appeared most likely to avoid the collapse of these strategic national assets.

The survey of experts located the position of the Labour Party at the 2002 general election at 5.2 on the 0-10 left-right scale, meaning that they regarded the party as a centre party. The range of responses varied between 4 and 7, and had a low standard deviation of 0.8. The same survey carried out in 1996 located Labour at 4.6, suggesting some movement towards the centre since then.


The ascension of Bill English to the frontbench and then leadership of the National Party was a vital part of the party’s moderation in the late-90s and early 2000s. When he was first appointed finance minister, English used the occasion to brand himself and the future of the National Party as moderate. In countless interviews he spoke about valuing pragmatism over ideology and addressing human need rather than conceptual debates. His language spoke of a whole new direction – he wanted to ‘back winners’ and he thought the state needed to contribute to the development of the ‘knowledge economy’. Nearly everything he said could have come from a Helen Clark or Mike Moore speech.

English argued that it would be wrong for the state to retreat further from actively assisting business, and that it should invest in the economy through education and research. In contrast to his predecessors, Richardson and Birch, English developed a positive account of increased social spending. In a distant echo of
former leader Jim Bolger's meanderings about 'the decent society', English said the government should set out 'to continually build a sense of community'. It seemed that English was aware that the market reforms had not delivered the prosperity they promised, and that consequently the party had little choice but to retreat from a strategy of pushing the reforms further.76 English also questioned the usefulness of cutting government spending, in effect removing the official goal of reducing government spending from 36 percent of GDP to under 30 percent (Laugesen, 1999b: p.A2).77 The ideological quest to shrink the state – as pursued by Richardson and to a lesser extent by Birch – had now been abandoned, with English commenting that, 'The view you can just shrink the government's level of expenditure if you have an ideological commitment to it, I don't think is a practical one for New Zealand' (quoted in Laugesen, 1999c: p.C2).

English saw a need to broaden the catchment of the National Party if it was to be revitalised and regain the government benches, and bemoaned the elitist image of the party. 'There was a smell', he argued, 'that came across the party early in the '90s, too focused on the dollars, not worried enough about the people missing out. We didn't do enough to challenge those impressions' (quoted in Trotter, 19 Apr 2000: p.13). He even declared, 'There's a perception that rich people vote National, and it's true', adding, 'I hate that. It would do us good to see us drive some those people away' (quoted in Trotter, 2000c: p.13).

The party's election platform of 2002 was by far the most moderate for years. It junked any radicalism, and sought only small adjustments to the new status quo. The few remaining differences with Labour were narrowed further, especially with the dropping of former policies such as market rents for state housing and the

76 See also: Gamlin (1999h: p.19).
77 See also: James (1999d: p.17).
endorsement of Labour's income-related rents policy,\textsuperscript{78} as well as the establishment of a similar agriculture policy to Labour.\textsuperscript{79} National's policy on student loans was even to the left of Labour's, promising to write down the student loans of graduates who work in New Zealand. Furthermore, English was promising to increase government spending, prompting Labour to chide National for its extravagance. Even the more economically dry National spokespeople were moderating their stances.\textsuperscript{80} Furthermore, 'National's promised tax cuts were within the fiscal parameters set out in the last Budget' (Easton, 2002c: p.38).

Because the party was increasingly similar to Labour in economic policy, National had to find other non-economic issues in which to differentiate itself, leading to socially conservative policies on issues like law and order and immigration. But essentially, National found it impossible 'to contest the middle ground in a way that is sufficiently differentiated from Labour's approach without scaring off moderate voters' (Gamlin, 2002b). In the 2002 election, National only received 21 percent of the party vote – its worst performance in its 66-year history.\textsuperscript{81}

The expert survey for the 2002 general election located National at 7.1 on the 0-10 left-right scale. The range of responses for National were between 6 and 8, with a low standard deviation of 0.6. This location of 7.1 was slightly closer to the centre than its 1996 score of 7.3, and also only 0.1 percentage points away from New Zealand First.

\textsuperscript{78} With little publicity, the National Party adopted Labour's policy of income-related rents for state housing, which limits state house rentals to 25 percent of a tenant's income. See: Hubbard and Laugesen (2002).

\textsuperscript{79} As one industry observer, Tony Baldwin, noted, 'As far as agriculture goes, National and Labour are almost identical. Both parties supported Fonterra, both parties want to promote free trade and strengthen our bio-security' (quoted in Pickering, 2002).

\textsuperscript{80} Don Brash, for instance, had given a speech a year earlier 'suggested time limits on state benefits for the able-bodied, or even scrapping them altogether, and raising the age at which people qualify for national super', but now had to declare he had 'an open mind on these questions' (Hubbard and Laugesen, 2002).

\textsuperscript{81} National also only 'won' the party vote in 6 of the 22 constituencies that National candidates won.
New Zealand First (1999-2002)

New Zealand First was nearly eliminated from Parliament at the 1999 general election – when it won only 4.3 percent of the party vote and only barely held the electorate seat of Tauranga – after which the party had a quiet and indistinctive two years in politics. Then the fortunes of New Zealand First were revived in the 2002 election year, when it campaigned on toughened ‘law and order’ measures, whipped up anti-immigrant sentiment and promised to abolish the ‘Treaty industry’. The party continued to adhere to the economic policy consensus but, by rebelling against the consensus on social issues and highlighting issues of social disintegration, managed to differentiate itself and provide a lightening rod for those still dissatisfied with modern New Zealand society. On election day, New Zealand First won ten percent of the party vote – the third highest vote behind Labour and National.

The survey of experts put New Zealand First at 7.0 on the 0-10 left-right scale for the 2002 election, which compares to its 1996 location of 5.9, suggesting significant movement to the right since then. However, the results for 2002 ranged between 5 and 10, providing a relatively large standard deviation of 1.1. The 2002 standard deviation of 1.12 for New Zealand First was similar to 1996’s standard deviation of 1.2 based on a range of between 4 and 9 for the party. Such relatively large standard deviations reflect how New Zealand First embodies the dealignment of class voting and, furthermore, the dealignment of economic and social issues.

Act New Zealand (1999-2002)

Following the 1999 election, in which Act attempted to mobilise support on the basis of a socially conservative or populist platform, the more radical and policy-seeking faction of Act attempted to pull the party back towards its founding principles. Most significantly, this involved installing Catherine Judd – a Roger
Douglas nominee who had not previously been involved in the party - into the party presidency. As president Judd then instigated the 'Liberal Project' – an attempt to develop and reiterate Act as a party of social and economic liberalism.

In the 2002 general election campaign Act was in a defensive mode – attempting to defend its seven percent of the party vote. It therefore made a significant effort to rid itself of its extremist image.\(^2\) According to James, it tried 'to present a less rednecked and less radical image than in 1999' (James, 2002f). Policies were further watered-down. Act's tax statement now pledged to make only minor changes to the income tax – with the top personal rate being dropped to 28 percent, and the present 19.5 percent rate being lowered to 18 percent (McLoughlin, 2002: p.2).

In a post-election analysis, party manager Graham Watson said that Act's vote-catching ability might have been limited because Act and National had been positioned too close together. Although Watson blamed National for being 'uncomfortably close' to Act, his comments indicated that Act had failed to distinguish itself from others on the right of the political spectrum (Mold, 2002c). The expert survey results give slight confirmation to this idea – showing that while in 1996 Act was located at 9.1 on the 0-10 left-right scale, but 2002 the party was at 8.8.\(^3\)

With the continuing decline in the popularity of neo-liberalism and firming support for the centrist Third way approach, Act was very obviously swimming against the political tide. Rather than being on 'the side of history', as the party might have felt when it was formed, Act was now in retreat. It had slowly jettisoned both its original policies and its raison d'etre of implementing Roger Douglas' 'unfinished business'. Gone were the days when it unashamedly and fundamentally stood for 'much more extensive deregulation: very low income tax, more private funding

\(^2\) See: James (2002i).

\(^3\) The respondents' responses ranged from 8 to 10, and the standard deviation was 0.6.
and delivery of health care, personal choice in education, including private providers, low government spending, rapid privatisation of government assets, and extensive dismantling of economic and planning regulations' (James, 2000a: pp.74-75). Replacing these policies and goals was a pragmatic party that focused its pitch, according to James, 'on populist issues aimed at less well-off voters who might normally be expected to lean towards Labour: lower taxes (sold as a populist measure); cuts in welfare (aimed at stirring "downwards envy" towards able-bodied people who were not working); harsher measures against criminals; and the Treaty of Waitangi "sunset" targets' (ibid pp.74-75). Prebble now even described Douglas' ideas as 'utopian' (Laxon, 1999a).

Even Act's own president, Catherine Judd, was critical of this shift, and outlined the decline of radicalism in the party:

Act was formed to be a party of influence, and our original vision, as outlined in Unfinished Business, was to transform the economy and society. It's not surprising that after five years in Parliament the Party has lost some of its transformational edge and is sometimes known more for a collection of apparently conservative policy stands than as a party of vision (Judd, 2001).

Although Douglas claimed in 2000, 'there is no difference between National, Labour, Alliance or New Zealand First, except in matter of degree', it appeared that Act also now only differed from these parties by matters of degree (Prebble, 2000).


Between 1999 and 2002 the Green Party was pulled in both left and right directions. Their new independence from the Alliance and new political

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84 Judd, a public relations company director, had previously been employed as an adviser to the Fourth Labour Government and then later for the Act party. She never joined Act until about one month before becoming president of the party in 2001. Encouraged into the presidency by Roger Douglas, Judd's presidency represented an attempt by the more neo-liberal faction of the party to return the policy-pursuing strategy.
positioning proved successful, and the party won 5.2 percent of the 1999 vote as well as the electorate seat of Coromandel. The addition of Sue Bradford, Keith Locke and Nandor Tanczos fundamentally altered the political flavour of the party. Bradford and Locke, in particular, were of the eco-socialist tendency and clearly worked to push the party to the left. During the 1999-2002 parliamentary term the Greens became more associated than ever with pursuing social justice and peace issues as well as green ones. This was possible because the disintegration and moderation of the Alliance allowed the Green Party to consolidate its position in the party system by moving to the left. A number of policy initiatives and parliamentary manoeuvres showed the Greens to now be the most left-wing party in Parliament. For example, the Green Party was the only party to show any opposition to sending the New Zealand SAS to Afghanistan. Also, a bill was introduced into Parliament in the same year that would have restored the Emergency Unemployment Benefit to students, and this was opposed by all the other parties including the Alliance.

The Greens were also the only party committed to the decriminalisation of cannabis, and in 2002 Sue Bradford and co-leader Jeanette Fitzsimons joined a Waitangi Day protest where Maori activists were demanding sovereignty. It seems that the party was cultivating an image of radicalism and seeking to take over from the Alliance as the main party to the left of Labour. Mostly this was possible because the Alliance had moved so far towards the centre whilst in government. With the Alliance vacating this space on the left, the Greens were given a free ride to establish themselves as the left alternative to the government. And by maintaining a distance from the Labour-led Government, the Greens boosted their support at the expense of the Alliance.

While the Green Party was being pushed to the left and putting a strong emphasis on programmatic concerns, in the same parliamentary term the party also took on increased office-seeking behaviour, readying itself for a potential role as Labour's coalition partner in government. Soon after the 1999 election
such a coalition with the Labour Party was discussed as a distinct possibility, and to that effect 'the Greens invited Labour MP Michael Cullen to address a special Party Executive meeting about possible co-operation with Labour' (Dann, 1999).

Relations with Labour were good, eventually leading them to support the Labour-led, minority Government, by voting for it on the key issue of confidence and supply. While raising the occasional protest, the Greens supported every budget and major piece of legislation. In order to prop up Labour, they – like the Alliance – had to partly jettison their professed commitments to free education, public health and social welfare (Braddock, 2002d).

Fitzsimons showed how aware she was of the compromising situation the party was putting itself in when she admitted her distaste for supporting the Government during the war on Afghanistan: 'We are now left expressing confidence in a Government that supports the bombing of the desperately poor ... and [which] has done almost nothing to reduce poverty or invest in tertiary education. It is becoming a serious threat to our self-respect' (quoted in Armstrong, 2001).

Despite the left shift, the Green Party was still not particularly left-wing. For instance, it still did not put forward a social democratic economic programme. As Boston put it, the Greens were to the left of Labour on some things, 'such as trade, foreign investment and economic regulations', but on 'various other economic and social issues, however, the positions of the two parties are more difficult to distinguish, or, alternatively, are harder to locate relative to each other on a simple left-right dimension' (Boston, 2000: p.244). James even argued that the Green Party had moved away from a hard-left political position, wanting 'a new paradigm, marrying middle-class social conscience and communitarianism to a spiritual respect for the natural environment. This is not the stolid "red-green" revisionism of 1980s marxists, still championing a disappearing proletariat' (James, 2001e).
The Green vision of society was also becoming more compatible with the neo-liberal economic framework. After leaving the Alliance, the party gave away its more state-centric, collective, leftist policies. As James pointed out in 2002, 'They emphasise small-scale economic enterprise and cooperation, especially to make a "just" society. But, individualists themselves, they also value the individual. That sets them apart from the socialists. Socialists were centralisers. Their social democrat descendants are, too. Greens are decentralisers' (James, 2002g). Or, as Sue Bradford put it, 'I hate the idea of government bureaucrats telling people what to do. I've probably got the same phobia about that as Roger Douglas has' (quoted in Conn, 1990: p.108).

A more liberal approach was clearly evident in the Green Party's tax policy, where the party gave away the progressive income and company tax policies they formerly advocated as part of the Alliance, in favour of 'shifting the burden of taxation from incomes to wasted resources (e.g. via a tax on the carbon content of non-renewable fuels)' (Boston, 2000: p.244). Because such consumption taxes hit the poor hardest they are classed as regressive taxes and represent a move to the right. On the whole, the policy platform that the Green Party put to the electorate in 2002 was not a traditional social democratic one. It was clearly one that was compatible with the status quo economic regime – one that would add on to, rather than fundamentally alter, the existing economic framework.85

By 2002 the Green Party clearly neither identified itself as in any way socialist, nor did it identify capitalism as being at the heart of the global environmental crisis (Roper, 2002).86 Whereas most of the Green Party leaders have come out

85 Roper points out, for example, that, 'the Greens, unlike the Alliance, are not committed to increasing taxes on big business and high income earners' (Roper, 2002).

86 According to Roper, 'Another reason that the Greens are reluctant to criticise capitalism is due to the fact that many of those who support the Greens do quite nicely out of it. Alternative lifestylers are for the most part members of what Marx referred to as the petit bourgeoisie - small business owners. The Greens also have a lot of support amongst the professional New Middle Class and students. They have very little support
of radical and often anti-capitalist traditions,\(^\text{87}\) none of the policy documents of
the party contain any kind of critique of capitalism (ibid). Instead of anything
class-oriented, the party now emphasises the need for government, citizens and
business to work together to protect the environment, and much of their
economic policy now advocates the need to help establish and grow small
businesses. Furthermore, little about Green Party policies deals with reversing
the neoliberal policy agenda. Instead of focusing on structural change of New
Zealand society, the Green Party's 2002 election issues were mostly about 'safe
food, organics, conservation and ecological diversity, anti-free-trade, peace,
youth, [and] cannabis' (James, 2002a).

The party's 2002 election campaign was clearly run by the pragmatic
environmentalists, with the campaign committee dominated by Donald and
Fitzsimons (Guyon Espiner, 2002a: p.C2). It was not surprising therefore that it
was centred around single issue opposition to GM, focused on Fitzsimons and
Donald, and used Sue Kedgley's safe food credentials (Small, 2002b). Nonetheless,
despite the conservative issues the party chose to campaign on, the Greens were viewed as extremists on GM – especially after the corn affair.\(^\text{88}\)

The expert survey for the 2002 election located the Green Party at 3.1 on the 0-
10 left-right scale, effectively labelling the party as centre-left.\(^\text{89}\) As part of the

\(^\text{87}\) Roper says that, 'Most of the Green MPs have activist backgrounds – Sue Kedgley in the women's liberation movement, Rod Donald in the Anti-Apartheid movement, Sue Bradford in the unemployed workers movement and the socialist left, Keith Locke in the Socialist Action League, and Nandor Tanczos who has a past involvement with anarchism' (Roper, 2002).

\(^\text{88}\) According to James, the 'Greens have played a constructive "realo" game until now. But throwing down the GM gauntlet to Labour has made them single-issue "fundis". It casts them as extreme, a cardinal sin, along with disunity, in most voters' eyes' (James, 2002e).

\(^\text{89}\) The range of scores for the Green Party was between 2 and 5, providing a relatively high standard deviation of 1.0.
Alliance in the last survey of 1996, the party had shared a more left location of 2.3, suggesting that the Greens are now more centrist.


In November 2000 the United New Zealand party merged with the Christian party Future New Zealand, taking on the new combined name of United Future New Zealand. The Christian party was formerly known as the Christian Democrats and had been founded by defecting National MP Graeme Lee. This appeared to be little more than an office-seeking marriage of convenience – especially since Peter Dunne’s United party had consistently pushed an ideology of being economically conservative (or right-wing) and socially liberal, while Future New Zealand was more defined by being economically left-wing and socially conservative.

The new party fusion was judged by the survey of experts to be located at 6.8 on the 0-10 left-right scale. Compared to the 1996 results, this was slightly to the right of the United New Zealand score of 6.6 and significantly closer to the centre than the Christian Coalition’s score of 8.1 (which Future New Zealand was a part of).

Many of the socially conservative views of Future New Zealand that created headlines after the 2002 general election had in fact been expressed in the past rather than in the election campaign, and thus they were not necessarily representative of the modern United Future party. Apart from Dunne’s general slogan of ‘common sense’ and being ‘moderate’, United campaigned on the basis of vague promises to ease the ‘burden’ on working families. As well as emphasising ‘the family’ in the campaign, Dunne also made United Future a vehicle for multiculturalism. None of the conservative or right-wing views of the

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90 Respondents scores for United Future ranged from 5.5 to 8, providing a relatively high standard deviation of 1.0.
Christian candidates were allowed into the marketing of the party. The more extremist notions and ideas of the Christian party were apparently being moderated by the merger with United. This mainstream approach was temporarily popular, and in the election United Future won 6.7 percent of the party vote, and eight seats. All of the new MPs came from Future New Zealand.

Significantly, many of the United Future caucus were economically to the left of Dunne as well. Deputy leader Gordon Copeland, for instance, had for a long time been pushing for more left-wing economic policies. That United Future was prepared to support the Labour-led government was a further indication of how far the party had moderated itself. While both component parties had previously been seen as much more likely to align with the National Party (and Dunne had been a Minister in the National Government prior to the 1996 election), in 2002 they showed no hesitation in supporting the Labour Government. The merger of the two parties and United Future’s involvement in supporting Labour has fundamentally altered and moderated both components of the fused party. The ex-United element had become less economically right-wing and the Future New Zealand section less socially conservative.  


The more irrelevant that the Christian Heritage Party became after 1996 – when it came closest to getting into Parliament – the more it moved away from its extremist values and policies in order to gain office. By 2002 the party had dropped most of its far-right economic policies, and also gave less emphasis to its more conservative moral positions. In relation to this shift, party leader Graham Capill declared ‘We’re not changing our stance but it’s a question of  

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91 After proclaiming himself to be economically conservative and socially liberal when he set up United, Dunne leads a party that is now less economically right-wing, but more socially conservative.  
92 In the 1996 election, the CHP combined with the Christian Democrats in the Christian Coalition, which received 4.3 percent of the party vote – just below the MMP threshold of 5 percent.
emphasis' (quoted in Mold, 2002a). Capill also announced that Christian Heritage had broadened its view on many issues, and that 'He wanted the party to be judged on its "big ticket" policies like health, education and defence rather than just its moral stance' (ibid).

Probably indicating its increasing office-seeking motivation and its shift from the extremes, in 2002 the party recruited the chief executive of Women's Refuge, Merepeka Raukawa-Tait. This was very surprising because Raukawa-Tait was well-known as being anti-smacking, sympathetic to gay rights, and notorious for visiting a Wellington strip club. That the party knew of her liberal stances and not only accepted her as a member but also made her the deputy leader of the party and an election candidate, spoke volumes about how far Christian Heritage had come in recent years and how much further it was willing to moderate. In fact Christian Heritage used Raukawa-Tait's selection to indicate its intention to 'mainline more', focusing on broader economic issues rather than just moral values (ibid).

Like United Future, Christian Heritage focused much of their 2002 election campaign on the family, and proposed the establishment of a Commission for the Family, something which the Labour-led government agreed to after the election, providing further evidence that the Christian Heritage Party was no longer entirely outside the new consensus. Nonetheless the party was still painted as an extremist one, especially alongside its much more moderate Christian rival, United Future. This was reflected in the expert survey for 2002 which located the party at 8.2 on the 0-10 left-right scale. Unsurprisingly, the 2002 general election result - 1.35 percent of the party vote - was Christian Heritage's worst outcome in its 13 years contesting five elections.

93 This score of 8.2 compared to the Christian Coalition's 1996 score of 8.1. The respondents ranged Christian Heritage between 6 and 9, producing a high standard deviation score of 1.0.

Although campaigning in the election to 'keep Labour honest', the Alliance did little of this once in government. For instance the party accepted the further undermining of social spending without the slightest protest, differentiating itself only quietly when Labour signed a free trade agreement with Singapore. The Alliance MPs even supported sending SAS troops to Afghanistan – a decision that activists opposed, subsequently precipitating the departure of most of its MPs.

In government the Alliance proved to be different from Labour only by degree rather than by having fundamental political differences. As James pointed out, 'Mr Anderton's differentiations seldom run counter to Labour's deeper instincts and mostly point in a direction Labour would go if it had the revenue and was not constrained by world market forces' (James, 2001c). Some commentators suggested that the Alliance leadership was so 'determined to avoid public disputes that suggest instability in the coalition and jeopardise the survival of both the Government and the MMP electoral system' that they fatally offered nearly no differentiation at all (Kelsey, 2002: p.50).

By 2001 Alliance popular support was at an all-time low.\textsuperscript{94} Previous high support had been based on the Alliance's promises to oppose the privatisation agenda promoted by both Labour and National, but with this agenda no longer relevant, the party likewise ceased to be relevant. Having abandoned their 'socialist' policies in favour of a strategy of marketing government stability and reasonableness, the Alliance found that voters saw no point for the party's existence. Previously the party was popular because of its freshness, radicalism, consistency and principled nature, but after throwing these things away, it became irrelevant. The Alliance's continued support of a government that its own

\textsuperscript{94} In 1993 the Alliance received 18.2 percent of the vote, in 1996 10.1 percent of the vote, in 1999 7.7 percent, and 2002 1.3 percent of the vote.
supporters viewed as in being in opposition to Alliance policies fatally damaged its support base.

Formed in order to overturn the new right economic and social reforms of the 1980s and 1990s, the Alliance found itself in an administration that was committed to the continuation of the very policies that the party opposed. A split in the Alliance therefore occurred simply because, in government, the party was essentially conservative, breaching many of the principles and policies that it was formed to advance. The Alliance caucus repeatedly signed up to Labour's continuation of Rogernomics-with-a-human-face. Party activists and officials became increasingly uneasy that the Alliance was giving a conservative government a stamp of left-wing approval. While the Alliance ministers pushed Labour slightly more left than they would otherwise have been, the party's real legacy in government was to validate Labour's conservatism and protect it from left-wing criticism.

Eventually the right faction of the party left the Alliance and set up the Progressive Coalition Party (PCP). The PCP represented the more socially conservative and economically moderate side of the Alliance. It was also more characterised by an office-seeking orientation, which was part of the reason for its split from the Alliance. Meanwhile in the lead up to the 2002 general election the Alliance moved slightly leftwards after the departure of its conservative wing.

There can be no doubt that Anderton's new version of the Alliance is a shadow of its former radical self. Any proper analysis of the party's position over time shows that the political positions of both the Alliance and the Progressive Coalition are much diluted. The expert survey for the 2002 election located the Alliance at 2.7 and the Progressives at 4.1 on the 0-10 left-right scale. These scores are both to the right of the Alliance's 1996 score of 2.3.

95 The respondents located the Alliance between the scores of 1 and 5, providing a standard deviation of 1.0. The Progressives received scores between 3 and 5 providing a standard deviation of 0.8.
Summary

In the decade between 1993 and 2003 the New Zealand party system has clearly been subject to ideological erosion, with each individual party moving towards the centre of the left-right economic spectrum. This shift is partly captured in the expert survey results. Brechtel and Kaiser's survey for the 1996 general election produced a figure of left-right polarisation value of 3.41. The survey conducted for this thesis (and based on the 2002 general election) has produced a polarisation value of 2.07 – which suggests that the degree of polarisation in the party system declined by about a third over six years. This declining polarisation is due to the following shifts: the Alliance, Greens and PCP all moved to the right (by 0.4, 0.8 and 1.8 respectively) and their collective party votes dropped from 10.1 percent to 9.3 percent. Labour shifted 0.6 points to the right (putting it nearly exactly in the centre of the political spectrum), while increasing its vote from 39 percent to 41.3 percent. National's slight movement towards the centre (7.3 to 7.1) also reduced the level of polarisation.

For the full details of the party positions on the left-right dimension, see Table 3.1 (next page).

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96 For information on the polarization formula used for this calculation, see Brechtel and Kaiser (1999: footnote 21).
Table 3.1: Party Positions on the Left-Right Dimension

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97 The 1996 figures used in this table for the Green Party are for the Alliance, of the Greens were a part. The figure is included here for purposes of comparison.

98 The 1996 figures used in this table for the Progressive Coalition Party are for the Alliance, of the PCP was a part. The figure is included here for purposes of comparison.

99 The 1996 figures used in this table for United Future are for the United New Zealand party. However, attention should also be paid to the Christian Coalition’s figures for that election (which are seen in the CHP column), of which Future New Zealand was a part.

100 The 1996 figures used in this table for the Christian Coalition of which the Christian Heritage Party was part of. The figure is included here for purposes of comparison.
Part Two: Postmaterialist Consensus and Conflict

The new consensus has largely centred on economic issues, and therefore party conflict in New Zealand is now occurs mostly around non-economic issues. These issues can be said to exist on a separate political dimension to the left-right scale – and one that is not always identified by New Zealand political scientists. Most commonly, this non-economic area of conflict is called the postmaterialist dimension, and is associated with issues of 'tradition, moral order, moral conservatism vs moral liberalism, ecology, materialism vs postmaterialism' (Brechtel and Kaiser, 1999: p.7). This spectrum of issues mostly involves 'societal' and 'cultural' issues, but is largely differentiated from economic issues through the materialist/non-materialist divide. Whereby economic issues such as wages, provision of healthcare, education, and welfare are deemed to be materialist concerns, other less tangible issues such as justice, the environment, and immigration are considered postmaterialist.

This alternative dimension is usually interpreted in terms of either the traditional left-right continuum or else a simple liberal-conservative dimension, whereby the liberal side of the spectrum is associated with progress, modernity, libertarianism, and the conservative side is associated with order, tradition, and authoritarianism. This spectrum is usually overlaid on the left-right scale so that 'liberal' equates with 'left' and 'conservative' equates with 'right', and although it is true that there is often a strong correlation in politics that makes this appear warranted, there is nothing intrinsically related between the two dimensions, and there are plenty of examples that contradict it. Therefore it seems sensible to

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101 The term 'societal issues' is used by James (1992a: p.140) to encompass this area of issues and differentiate it from 'social policy' (such as health and education), which largely fits into the economic/materialist dimension.

102 For example, the Fourth Labour Government was considered to be right-wing on economic issues and liberal on postmaterialist (or societal) issues. Generally the New Zealand Party was similar. In terms of contemporary politicians, Jim Anderton is considered to be left-wing on economic issues but conservative on
regard the two dimensions as separate, and for this reason some theorists present the liberal-conservative spectrum in a vertical form so that it can then be laid over top of the left-right scale, cross-cutting it to form an X-Y axis or a square. Such a system allows for a more adequate plotting of Western party systems. This section of the chapter also takes this approach in examining the growing centrality of political conflict with regard to postmaterialist issues and, crucially, how this trend relates to the growing economic consensus.

Theory about the postmaterialist dimension is most commonly associated with Ronald Inglehart, who predicted that as economic deprivation dissipated in Western societies, postmaterialist values would increasingly dominate and reshape our politics. Certainly the last three decades of New Zealand political history have seen the emergence of growing debate around issues such as law and order policy, Treaty of Waitangi policy, drug reform, and environmental policy. Yet since 1987, New Zealand politics have been overwhelmingly characterised by materialism, with political debate being dominated by traditional economic-class issues like unemployment, the provision of health and education, and increasing inequality. Throughout the 1980s and 1990s successful parties have concentrated their campaigns and general marketing on materialist issues.

Some political commentators and academics expected the introduction of MMP to facilitate the establishment of alternative dimensions of political conflict (and thus parties). However, according to Barker and McLeay, 'The first MMP election clearly produced little change in the number of issue dimensions represented in parliament' (Barker and McLeay, 2000: p.145). Socio-economic issues continued to be the main basis for party competition and voting behaviour. Yet in each societal issues, while Deborah Coddington is considered right-wing on economic issues but liberal on societal issues.

103 For an example of this method, see: Mulgan (1997a: p.248) and Vowles et al. (1995: chapter eleven).
MMP election there have been strong signals that postmaterialism is playing a significant part in New Zealand politics – for example the 4.4 percent support for the Christian Coalition in 1996, the five percent support for the Green Party in 1999, and the importance of the genetic modification (GM) issue in 2002.

Certainly in the 2002 general election, postmaterialist issues dominated the campaign, as most political parties ran campaigns that centred on societal issues. In particular, it is indicative that New Zealand First's much-heralded three major issues of the 2002 election – immigration, crime, and the Treaty of Waitangi – were all non-economic issues. While the party had been formed on mainly economic grounds – namely opposition to the neo-liberal policies of Labour and National – it was now scoring all of its political points on the secondary spectrum of societal issues. That New Zealand First received ten percent of the party vote suggested that the postmaterialist cleavage was becoming more vital. The Green Party, likewise, ran a 'quality of life' campaign, with the centrepiece being opposition to GM – a distinctly postmaterialist issue. Act also placed non-economic issues – namely law and order and the Treaty – at the centre of its campaign.

That the postmaterialist dimension of political conflict has been growing in significance is further confirmed by the surveys of New Zealand political scientists. Since 1996, these have shown such respondents increasingly identify this sector of conflict. In Brechtel and Kaiser's survey about the 1996 election, 53 percent of respondents 'classified New Zealand politics as uni-dimensional, i.e. although invited to do so they refrained from mentioning any other policy dimension' apart from the economic dimension (Brechtel and Kaiser, 1999: p.7). By contrast, in the survey for 2002, only 25 percent of respondents classified New Zealand politics as uni-dimensional.105

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105 20 percent of respondents mentioned an additional dimension, 15 percent mentioned two additional dimensions, and 40 percent mentioned three additional dimensions.
When the 1996 respondents were also asked to estimate the relevance of the economic left-right dimension on a five-point scale from 1 (very low importance) to 5 (very high importance) they provided a mean value of 4.0, which Brechtel and Kaiser classified as 'high importance', concluding that this 'value leaves no doubt that the economic left-right dimension fundamentally shapes party competition in New Zealand' (ibid). By contrast, for 2002, the survey found the mean value of the economic left-right dimension had declined to 3.2 (i.e. moderate importance).

The survey for 1996 supported, according to Brechtel and Kaiser, the idea that 'there is an emerging, yet less important secondary dimension' that they labelled as 'postmaterialist' or 'traditional vs new culture' (Brechtel and Kaiser, 1999: p.7). This dimension was mentioned by six out of 17 experts (35 per cent), with a mean importance of 2.8 (standard deviation: 0.84)' (ibid). The survey for 2002 confirmed that this dimension was continuing to emerge as a significant element of political competition in New Zealand, as it was mentioned by 13 out of 20 experts (65 percent), with a mean importance of 3.1 (standard deviation: 0.90).

Although recently the postmaterialist dimension has been growing in importance, there has also been a substantial movement since the mid-1980s towards a consensus on the postmaterialist issues as well as economic ones. This means that the new centre developing in 1990s New Zealand politics could be said to involve a right-wing position on the economy (with the left parties having to accept the continuation of the basic neo-liberal framework as established by Douglas and Richardson), and a liberal position being adopted on social issues (with the conservative parties like National, New Zealand First, Act and United Future having to accept the socially liberal framework established by Lange.

106 In classifying those dimensions put forward by the respondents as being part of a postmaterialist dimension, Brechtel and Kaiser used a wide definition that included 'issues such as environmental concerns, participation, internationalism, but also moral order, social conservatism, and religious values' (Brechtel and Kaiser, 1999: p.10). With reservations, this study uses the same methodology.
Bolger and Clark). Certainly a strong liberal conformity developed amongst National and Labour after 1989, and by the mid-1990s most parties – especially United, New Zealand First and Act – explicitly defined their ideological programmes as ‘economically conservative and socially liberal’.\(^{107}\) The shift to more liberal societal positions was noted by the experts surveyed by Banducci and Karp: ‘Instead of the parties moving toward the ends of the political spectrum – the liberal side becoming more liberal and the conservative side more conservative – all parties have shifted in a liberal direction’ (Banducci and Karp, 1998: p.150). Brechtel and Kaiser’s survey also found that ‘polarisation on this second [postmaterialist] dimension is considerably lower than on the dominant [economic] one’, with no parties in Parliament being located in the extremes of this spectrum (Brechtel and Kaiser, 1999: p.11).

Yet six years later, when the survey was repeated for this thesis, the spread of the parties on the postmaterialist dimension was greater, particularly as some parties had moved towards the conservative end of the postmaterialist scale, and the Greens now represented the liberal extreme. As the economic consensus firmed up in the late 1990s, divergence on societal issues has again opened up, since the parties recognised the need to convey some difference to voters. By 2002, for instance, United Future, New Zealand First and Act had revised their positions on many societal issues, thus repositioning themselves as more socially conservative. On issues such as welfare, immigration, crime, environmentalism and minority rights, most of these parties had been adopting populist and conservative positions.

\(^{107}\) Ex-New Zealand First MP and parliamentary staffer Michael Laws coined the phrase that ‘a centre party should be “economically conservative but socially progressive” – and quickly instilled such sentiments into all Winston’s [New Zealand First] speeches and media statements’ (Laws, 1998a: p.323). According to a media report by Templeton, Peter Dunne sees United as ‘being conservative on economic issues and liberal on social issues’ (Templeton, 2002). Boston et al. (1997c: p.114) have described United as having a ‘liberal ethos, market-orientated yet socially concerned’. See also: Stonyer (1997: p.61), Hubbard (1999a), and Matthewson (1996: p.7). Prebble and Catherine Judd have been inclined to describe Act as a socially liberal party, and in 2002 the party seriously considered changing its name to the Liberal Party.
Whereas in 1996 there was no party in the extreme liberal end of the spectrum, in 2002 this was inhabited by the Greens, with a score of 2.3 on the 0-10 liberal-conservative spectrum. The next most liberal party was the Alliance, at 3.2 – its same location as in 1996. The centre was occupied by the Progressives on 4.9 and Labour on 5.2 – a significant shift for Labour from 4.2. The United Future party was at 6.7, which was 0.9 points more conservative than the United New Zealand party in 1996. New Zealand First had become even more conservative – moving from 6.7 in 1996 to 7.5 in 2002. National, by contrast, was stationary on 7.2 – slightly less conservative than New Zealand First. Christian Heritage was at 7.8 – significantly less conservative than the Christian Coalition in 1996 which was at 9.0. Act by contrast was judged to be considerably more conservative – shifting from 6.5 to 8.2.

For the full details of the party positions on the liberal-conservative dimension, see Table 3.2 (next page).
Table 3.2: Party Positions on the Liberal-Conservative Dimension

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108 The 1996 figures used in this table for the Green Party are for the Alliance, of the Greens were a part. The figure is included here for purposes of comparison.

109 The 1996 figures used in this table for the Progressive Coalition Party are for the Alliance, of the PCP was a part. The figure is included here for purposes of comparison.

110 The 1996 figures used in this table for United Future are for the United New Zealand party. However, attention should also be paid to the Christian Coalition’s figures for that election (which are seen in the CHP column), of which Future New Zealand was a part.

111 The 1996 figures used in this table are for the Christian Coalition of which the Christian Heritage Party was part. The figure is included here for purposes of comparison.
Just as Brechtel and Kaiser recommended caution in regard to their results (Brechtel and Kaiser, 1999: p.10), the same is true for the 2002 postmaterialist data. Firstly, the methodology is not particularly robust – as a number of differently labelled dimensions are collapsed into the one scale, and the respondents all obviously had different methods and logic for their structuring of the dimensions. 112 Secondly, the ranges and standard deviations indicate a high level of uncertainty and difference of opinion between these 14 experts. Thirdly, the ordering of the parties on this dimension is so similar to the economic left-right scale that its independence is doubtful – as with the 1996 data, 'Differences are few and of minor importance' (ibid). The only differences are that at the liberal end of the spectrum the Alliance and Green Party swap places (compared to the left-right scale), and at the conservative end, New Zealand First has swapped places with National.

In sum, the expert survey suggests the postmaterialist dimension is more polarised and relevant in 2002. Firstly this can be seen in that while respondents gave this dimension a mean importance value of 2.8 in 1996, by 2002 it was 3.1. This was nearly the same as the mean importance value for the economic left-right scale of 3.2. Secondly, the dimension now has two pronounced polar parties, the Green Party representing extreme social liberalism and the Act party representing extreme social conservatism.

The parties' locations on the postmaterialist spectrum is further understood by an examination of the parties' orientation to individual societal issues, which often reveals significant conflict but few substantial policy differences. The nuclear ship issue is probably the clearest example of a radical non-economic policy becoming adopted in a multi-partisan consensus in the late-1980s and then re-

112 In fact a number of respondents proposed more than one set of party conflicts that fitted into the postmaterialist dimension.
emerging as an issue of conflict about a decade later. The idea of banning nuclear ships started out as a minority position in the early 1980s, and throughout the 1980s Labour and National were polarised on the issue. By 1990 popular opinion and the National Party were now on the side of the ban, and a strong consensus formed around it. What had been like a 'litmus' test between the two major parties thus dissolved into a multi-partisan issue. Yet in recent years there has been increasing questioning of this consensus. Richard Prebble proposed the reintroduction of US ships in 1997, and since then there has been increasing debate – especially from National politicians – about whether the policy is unnecessary and harmful to New Zealand's trading interests.

Defence is an area that is often cited as an enduring litmus test which illustrates the substantial difference between Labour and National, yet in this too, the parties have shown remarkably little variation during the last decade. Firstly, despite what is commonly thought, the two main parties are in basic agreement on spending about one percent of GDP on defence. Despite being painted as a high spender in defence, during its time in government in the 1990s the National Party actually cut spending on defence by 18 percent, while the Labour Party in government has actually increased spending (Kelly, 2001: p.20). Likewise, after the Labour Government decided to axe the Air Force's fighter jet capacity in 2001, although there was considerable conflict over the decision, no party has promised to reverse it.114

113 According to Graham Kelly, a Labour MP, National 'was cutting at least 18% off the defence budget' and there 'was a 50% reduction from the time National took office' (Kelly, 2001: p.20). James also says that the 'National government set the 1.1% ceiling, which has conveniently made it in a sense bipartisan (indeed, multi-partisan)' (James, 2001b). See also: Hager (2003).

114 In fact, the similarities in defence have existed throughout the 1990s, after National accepted Labour's position on ANZUS. In 1993 James found few differences: 'There is no great difference in attitude between the two parties on our defence and economic relationship with Australia' (James, 1992a: pp.310). The minor parties, likewise show little disagreement with the defence framework – for instance James pointed out that generally 'the Alliance's wishes for the armed forces' role are close to Labour's, with only minor differences of emphasis' (James, 2001b). The Greens, too, now spearhead the argument (and developing consensus) that New Zealand needs a viable defence force to intervene in international 'humanitarian' and 'peace-
On race relations, in particular, most parties developed a socially liberal consensus during the 1990s. In fact the new consensus began to form in 1990 when it gained the strong support of Jim Bolger and Treaty Negotiations Minister Doug Graham. Prior to this – and as late as 1988 and 1989 – National leader Jim Bolger had attacked the Labour Government’s Treaty settlements, but after becoming prime minister he claimed the initiative and courage of settling Treaty grievances. And by the end of the 1990s there was little difference between the Labour and National parties on Treaty issues. Even when the only dissident party on Treaty issues, Act, introduced a bill on the issue, it was designed only to shorten the timeframe for Treaty settlements rather than actually scrap the whole process (Hubbard, 1999b: p.C6). By 2002, however, the gap between the Treaty consensus and the parties of the right increased again when National, Act and New Zealand First all campaigned against the settlement process.

Immigration had been one of the most contentious issues of the mid-1990s, but by the late 1990s an immigration consensus had been reached by nearly all parties. Labour set the basic framework in the 1980s ‘by abandoning the "traditional source" principle and replacing it with skills-based criteria’ as well as cancelling New Zealand’s ‘visa-free entry initiative for Tongans, Fijians, and Western Samoans’ (Hoadley, 2001: pp.501, 502). Initially government policy in 1991 was to raise net immigration to 20,000 per year, but by 1995 a new policy capped ‘the number of annual approvals at 30,000 and tightened the investment keeping’ roles. This was also a conclusion of the parliamentary committee chaired by Act’s Derek Quigley, who developed a blueprint for such a defence force.

116 See Berry (1999), who says: ‘Ask the two main political parties whether the Treaty is on their campaign agenda and the answer is a definite “no” – precisely because little difference existed between them’.
117 James believes the Treaty consensus was bolstered by ‘Establishment’ support for it: ‘The Treaty of Waitangi process since 1985 has been sustained by a liberal consensus of the Wellington political and bureaucratic elite’ (James, 2000a: p.72). Act’s bill to impose a time limit was described by James as being ‘relatively mild’ (ibid: p.73).
and English language requirements’ (ibid: p.504). A consensus on this began to develop, and even the election of New Zealand First (which had taken a strong anti-immigration stance before the election) to government in 1996 changed little in this area. Likewise in 1999, with the arrival of Labour and the Alliance in government, these policies continued, as well as the general skills-based immigration policy set in 1987 (ibid: pp.504, 506). By 1999 a near-consensus in favour of moderate immigration had therefore been established. This was indicated by the contrast between when New Zealand First raised anti-immigrant policies in the 1996 general election and when Peters again raised these issues in 2002. In the first case there was a conspicuous reluctance by the other parties to defend immigration; in the second case, however, he was strongly attacked by all the other parties, including National, Act and United Future.

On environmentalism, too, virtually all New Zealand political parties went to some lengths in the 1990s to illustrate that they were strong advocates of the environment. This apparent consensus on environmental issues began to break down, however, after the Green Party’s election to Parliament in 1999 and the rise of GM as an issue. The party system has been relatively divided over GM, the requirement to ratify and conform to the Kyoto Protocol, and the issue of native forest logging.

The issue of violence and crime in society has also increased in importance in recent years, after a period when crime was not heavily political. In recent elections nearly all the parties have adopted hard-line law and order policies. In particular, it seems all the parties of the centre and centre-right have been attempting to outbid each other in order to differentiate themselves as the party of law and order. National, Act and New Zealand First all took harder lines on crime in 2002 than previously. Yet much of their rhetoric was stronger than their policies. As James pointed out, in the case of National, its ‘promise of “life means

118 For examples of how nearly all political parties have become more socially conservative on crime, see: Guyon Espiner (1999b: p.5), James (1997f: p.19; 2001a: p.204), and Bain (1997b: p.12).
life" applied only to two or three murderers a year’ (James, 2002i). Labour has also shown little differentiation, and in office, initiated legislation to lengthen sentences for serious crimes of violence.

The emergence of contentious social issues since the late-1990s suggests that the postmaterialist consensus that had been developing earlier in the 1990s has been breaking down, especially due to a concerted effort by conservative parties to differentiate themselves from the parties inhabiting the centre. It seems that because the new centre is mostly based around the economic, third way consensus, any parties that wish to differentiate themselves must find other non-economic points of difference. In the past, when polarisation on the main socio-economic spectrum was greater, the parties could afford to move into a consensus on social issues, but once the spread on the socio-economic scale shrunk, polarisation on postmaterialist issues was triggered. Most parties have chosen societal issues and positions on ‘identity politics’ as a way of asserting points of difference.\(^{119}\) This is especially the case for parties of the right in opposition, as they cannot make any progress by emphasising their centrist economic policies since the parties to their left have already claimed the economic centre as their own. Instead, the parties of the right offer a move to more conservative social stances to complement their orthodox economic orientation.\(^{120}\) On the left, the parties have also been using postmaterialist issues

\(^{119}\) Postmaterialist issues have become useful tools for political parties to use to differentiate themselves in the electoral marketplace. As Easton argues: ‘Off spectrum issues, like law and order, are ways of differentiating a party from others in the melee of the centre’ (Easton, 2002b). The very absence of substantial economic differences makes it all the more necessary for the parties to stress or create the non-economic issues that differentiates them from other parties. This is particularly important for those parties in opposition, as ‘an opposition in near-constant agreement with the government would be unlikely to persuade the voters to elect it to office’ (Cole, 1999: p.172). Crucially, however, much of the dissent that now occurs in non-economic policy is more rhetorical than substantial – parties make much of their differences but propose policies that under scrutiny are not widely divergent.

\(^{120}\) As the parties of the right – National and Act especially – edged closer to the new centre of politics and abandoned promoting further free-market reforms, they attempted to adopt non-economic policies that would differentiate themselves from the parties in government. Such a move to the right on the social scale can be seen to complement a move to the centre on the economic scale – or at least to ameliorate its
to differentiate themselves. For example, since the late 1990s Clark has been using culture in an attempt to differentiate Labour from National. Miller says ‘Since the mid-'80s, both major political parties have been identified with neo-liberal economic ideas and are trying to shake off those memories. Both are having to present themselves as middle-of-the-road while also trying to show their differences’, which is why Clark took on the cultural affairs portfolio (quoted in Catherall, 1999: p.C3). By concentrating on low-budget areas like arts and culture, Labour has been able to increase its own profile and distinctive brand with little effect on budget restraints. Such an approach allowed the Labour Party and Clark to associate themselves with nationalistic concepts such as promoting ‘nationhood’ and ‘national identity’ (James, 2000a: p.71).121

The use of postmaterialist campaign issues is most obvious in regard to the Green Party, which campaigned in 2002 almost entirely on postmaterialist – or as they put it, ‘quality of life’ – issues such as GM and safe foods. Just as Act tried to ‘convince voters that New Zealand is headed towards complete lawlessness, with criminals waiting to pounce at every corner’ and New Zealand First pushed ‘the message that disease-ridden immigrants are pouring over the borders looking for the promised land’, the Greens equally played on fears by suggesting ‘that letting the genetic modification genie out of the bottle could result in mutant corn and four-eyed fish’ (Mold, 2002b). According to Mold, all the parties have been forced by apparent economic satisfaction to search ‘around the margins for an issue that will resonate with voters and appeal to their insecurities’ (ibid).

blandness for the parties’ conservative core vote. For the parties of the right, campaigning on societal issues also taps into the disquiet about the social dislocation and disintegration caused by neo-liberalism and change. As Bale has argued, ‘It de-emphasises that aspect of National’s policy which puts people off (the knee-jerk neo-liberalism), while tapping into the flipside of anxieties about socio-economic change’ (Bale, 2000a).

121 Similarly, in the mid-1990s the Alliance and New Zealand First have stressed their desire to promote the ambiguous policy of sovereignty, which is related to concepts of nationhood and national identity. Act also played on concepts of ‘values’ – epitomised in the slogan ‘Values. Not Politics’ – to promote a postmaterialist element of the party.
Part Three: The New Consensus and Centre

A Negative Consensus

There are some commentators and academics who view the new era of convergence politics in a positive light. To them, the creation of a new centre, and the ideological consensus that accompanies it, equates with the end of deep conflict. It thus indicates the resolution of problems which originally generated such ideological conflict. Likewise, the reorientation towards the centre might suggest to some that ‘common sense’ now drives politics – by ruling out the extremes, New Zealand politics has now produced a sensible ‘middle way’. This is a ‘positive value judgement’ – that we have reached ‘the good society’ and so there is nothing left to become ideological about (Jaensch, 1994: p.227).122 Commenting in 1997 on the international ‘end of ideology’, Peter Mair asserted:

many of the great issues which once sustained traditional loyalties have now more or less been solved. The struggles of the working class for political rights have been won; the legitimacy of defending the rights of organized religion has also been accepted, as has the legitimacy of the rights of those who reject religious beliefs; a comprehensive welfare state has become the norm in most of the contemporary west European democracies, and such conflicts over welfare rights as do persist tend to be at the margins of the system. The great struggles are over (Mair, 1997: pp.38-39).

This sort of statement is reminiscent of the postwar consensus of the 1950s and 60s, which was also misread as indicating an end-state of harmony and the belief that popular satisfaction was being achieved. Lipset wrote at that time: ‘This change in Western political life reflects the fact that the fundamental political problems of the industrial revolution have been solved: the workers have achieved industrial and political citizenship; [and] the conservatives have accepted the welfare state’ (Lipset, 1960: pp.442-443).123 Similarly, in New

122 See also: Lipset (1960: pp. 443-444).
123 Lipset even went so far as to say that ‘This very triumph of the democratic social revolution in the West ends domestic politics for those intellectuals who must have ideologies or utopias to motivate them to
Zealand, John Roberts thought the 'end of ideology' of the 1970s had been caused by positive economic conditions:

It is fair to say that the success of the managed economy of the war and immediate post-war period ended the sterile policy conflict about 'free enterprise' and 'socialism'. Since the passage of the Economic Stabilisation Act, 1948, there has been no doubt that the government takes responsibility for the state of the economy and must arm itself with the power to direct activity (Roberts, 1978: p.71).

Thus Roberts thought parliamentary politics lacked ideas because there appeared to be a decreasing need for them: 'The most recent period of New Zealand history is distinguished by the almost total absence of political ideas, or definition of national goals. It is also, arguably, the happiest period for the greatest number of the inhabitants of a given society known to us in recorded history' (Roberts, 1978: p.70).

Certainly the postwar political consensus was positive in that it was built upon economic prosperity. Both National and Labour accepted what could be called a 'positive consensus' around welfare capitalism and the goal of equity. The postwar situation of ideological conformity was produced by optimism, affluence and a forward momentum. But the postwar consensus was misread as indicating an end-state of harmony and the belief that popular satisfaction was being achieved. Despite the consensus characterising New Zealand society in the political action' (Lipset, 1960: p.443). According to Lipset the situation was being generated by assumptions of increasing prosperity for all and general equality: 'The thesis that partisan conflict based on class differences and left-right issues is ending is based on the assumption that "the economic class system is disappearing... that redistribution of wealth and income... has ended economic inequality's political significance."' (Lipset, 1960: pp.443-444).

124 From shortly after World War II until the early 1970s, capitalism throughout the world enjoyed a 'long boom'. This period saw an unprecedented growth in human productivity and wealth. It appeared that capitalism had overcome the perpetual crises which had plagued it throughout the 1800s and the first half of the twentieth century. This long boom allowed business and government in Western countries like New Zealand to be able to afford to fund the continuation and expansion of the welfare state, as demanded by the left, bolstered by popular support, and accepted by the right.

125 The myth of the postwar consensus being due to some sort of end-state of harmony was shattered in the late-1960s and 1970s by a massive increase in class conflict throughout advanced industrial democracies.
postwar period making politics prosaic and superficial, substantial conflict still existed on issues as fundamental as how society should be run. Compared with politics today, there was still serious conflict over issues of principle.\textsuperscript{126}

What is made most obvious by the increasing ideological void in the parties is the absence of any ‘big issues’ on the political agenda. Although New Zealand party politics has always been relatively pragmatic, in some periods in the past ideas have at least appeared more central, questions about the ‘big issues’ have been on the agenda, and so the concepts of left and right have had more meaning than they do today. Generally in the West ‘these conflicts were sometimes banal and superficial, but often they centred on fundamental differences over how society should be run’ (Furedi, 1995: p.12). Questions used to be asked about the ownership and control of society’s wealth, and the production and allocation of resources. Nowadays in New Zealand no fundamental questions about society are being asked by any of the parties – even the question of unemployment has disappeared from public debate, despite its persistence as a social problem.

There are, however, some very important differences between the ‘end of ideology’ situation in the 1950s and 60s and that of today. Today’s strong convergence of views is by contrast a ‘common negativity’ – a defensive consensus based around resigned acceptance of the low horizons imposed on society by an ongoing economic slump (ibid). While optimism, affluence and a forward momentum produced postwar ideological conformity, the current ideological void is produced by a lack of affluence, and this new era of politics is being driven by lowered horizons rather than an optimistic search for alternatives. That the new consensus is a negative one is a view shared by James, who

\textsuperscript{126} For example, prior to this modern period of consensus, there was an expectation amongst the public that the two main parties stood for very different things and would implement very different types of policies. Therefore in 1972, after twelve years of a National government there were expectations of radical change as people believed Labour was different. Likewise in 1984, the public expected that a very different direction to be taken by the new government than that of the Muldoon government. By contrast in 1999, few people really expected that much would change with the change of government.
believes that New Zealand society and the parties of the left have only accepted the ongoing existence of the neo-liberal framework out of a sense of realism rather than enthusiasm:

This is light years away from the pact of the third quarter of last century. Then, the political elite and ordinary folk shared a positive consensus that desired prosperity and regulation, security and taxes. A positive consensus is robust and durable and the politics stable. A negative consensus is fragile and volatile and the politics slippery and fickle. A negative consensus is acceptance of the status quo, not as an eminently desirable state of affairs but as an inescapable reality (James, 2000e).127

According to James, any political programme outside of the new consensus – such as an attempt to re-establish the welfare state, or even just opposing the open economy – is ruled out as 'a denial of reality' rather than because such programmes are undesirable in themselves. Instead, James argues, the centrist approach of Helen Clark and Jim Anderton is 'in tune with the negative quality of the consensus' (James, 2000e). Therefore in speaking of a 'negative consensus' James means the common unhappy acceptance of policies due to the ruling out of the possibility of the alternatives; by 'positive consensus' he means the common happy acceptance of policy because of a superiority over lesser viable alternatives.

The lack of 'big issues' and the general lack of ideological debate on the political agenda is not because the practical issues and problems no longer exist. The opposite is the case, with the 1990s being characterised by intractable social and economic problems: a permanent layer of about five percent unemployment, ongoing economic instability and slump, social dislocation and exclusion, growing inequality between rich and poor and between Maori and Pakeha, and so on. It seems that the parties have, in effect, accepted defeat on such issues and therefore have little to say about the big issues affecting society. There is a sense in which the political impasse in this country matches the economic impasse that has existed for some time. The exhausted state of party politics

127 See also: James (2000a: p.69).
reflects the huge effect of two decades of economic slump and social decay. If
the socio-economic system itself is exhausted, parties which are based on it and
seek to manage it are unlikely to come up with a bold new vision for society.

The Fragmented and Trivial Nature of Conflict

In the absence of conflict about important economic issues, since the mid-1990s
recriminations, personal abuse, and trivia have dominated politics. Bruce Jesson
noted that in the late 1980s 'the conflict had a point to it. The stakes were large,
the issues were on a grand scale, not like now' (Jesson, 1995c: p.125). Instead
the new era of convergence politics is characterised by a predominance of
'scandals, defections and in-fighting' (Warren, 1997a: p.4). Instead of the wider
issues being up for debate, the first MMP Parliament was preoccupied with
politicians' perks, MP party-hopping, leadership, or what should be done with
government buildings. This increase in trivial politics, which is often erroneously
attributed to MMP, is better understood within the context of the ideological
convergence and exhaustion of party politics. In the absence of any real
principle, policies or meaningful debate, other more trivial issues come to the
fore. Without proper policies to campaign and compete on, and without plausible
solutions to today's problems, parliamentary politics has transformed further into
a 'circus' than ever before (Jones, 1997; Laugesen, 1997).

The fractionalisation of all the parties in Parliament over recent years illustrates
the decline of ideology and principle in New Zealand politics in that these
breakdowns have so little to do with ideological principles – the internal party
splits and debates usually lack any real substance. For instance, there were no

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128 In the absence of political ideas, scandal in advanced industrial democracies has also become a
substitute: 'Scandal has become a kind of poor substitute for political opposition.... And, in the absence of
an alternative standpoint from which to criticise, it is difficult to criticise at all. In these circumstances, it
appears as if the only thing open to scrutiny is the individual behaviour of politicians. It is this shift of focus
from the wider domain of substantive issues to narrow concerns with the conduct of the politician that helps
to throw light on the contemporary culture of scandal' (Roberts, 1994: p.17).
major political issues involved in the departure of Alamein Kopu from the Alliance in 1997, nor in the split in New Zealand First in 1998. These splits are usually indicative of a general 'internal weakness rather than a dynamic political struggle' going on (Richards, 1992b). In line with party fragmentation, individuals or coalitions of individuals are often emerging as the key players, quite separately from their parties. This creates the spectacle of high-profile maverick individuals dominating political debate. For example, commentators often argue that it is difficult to believe that Peter Dunne, Winston Peters or Jim Anderton stand for anything much more than themselves.\(^\text{129}\) Instead of coherent parties organised around different programmes, political life is becoming a contest between personalities, cliques and factions that stand for little. Paradoxically it is now both a source of their strengths and weaknesses that the parties are so closely formed around and associated with their leader's personalities. Therefore they are undynamic because they often stand for little more than what their leaders represent. Both New Zealand First and the Alliance (and now the Progressive Coalition Party) have evolved around the respective leadership of Peters and Anderton and the success and failures of these parties have so often been associated with those people. As described in Chapter Six, the actual political parties and their extra-parliamentary organisations and memberships are now less central than ever before,\(^\text{130}\) and the style of general election campaigning is increasingly presidential.

**Exhaustion of Change and Ideas**

An important element of the new consensus is a conservative attitude towards change. The Labour Party has best displayed this conservatism, especially in its election campaigns where it has promised very little, (drawing on the British Labour Party motto of 'under-promise and over-deliver'). In both 1999 and 2002 the party released a minimalist 'credit card' of commitments that proved

\(^{129}\) See: Bayliss (1994, 70-71), and Hubbard (1998).

\(^{130}\) Gustafson (1993: p.60).
unmemorable in its details. This gimmick pared down the party's usual huge arsenal of policy into easily dispersed sound bites.

In fact one of the new trends pioneered by the Labour Party in the late 1990s was to avoid releasing actual policy.\textsuperscript{131} Labour under Clark moved towards a certain political vagueness. For instance, Clark made a practice of refusing to recite manifesto policy (Clifton, 1997d: pp.16-17). While in opposition, the need to retain party unity led Labour to postpone its key policy debates. After nine years in opposition, therefore, Labour had been unable to come up with much in the way of new policy. Often, instead of outlining an alternative to that of the Government, Labour displayed its technocratic character in merely promising a post-election inquiry into whatever policy area was too contentious to develop and release a clear policy on. In 1999 Labour announced inquiries into telecommunications, the Residential Tenancies Act, the Education Review Office, police procedures for dealing with fraud, as well as 22 other inquiries. According to National's count, Labour promised 126 reviews, 58 investigations, and 13 'explorations' (National Party, 2000).

Labour's programme today is therefore some distance away from that of the extensive and radical programme that Steve Maharey suggested for the party in 1992 when he wrote: 'the issues we face as a nation are so big and so challenging that nothing less than a genuinely radical political programme will suffice. Labour needs a "Big Idea" around which to organise its policies and programmes' (Maharey, 1992b: p.14).\textsuperscript{132} Maharey would, no doubt, claim the Third way as Labour's new 'Big Idea', but this concept has remained somewhat

\textsuperscript{131}This trend was arguably pioneered (notoriously) in the 1987 election when Labour did not publish its election manifesto until after the election. See: Palmer (1992: p.145), Wilson (1989: pp.134-135), and Russell (1996: p.133). However, in 1987 the reasons for avoiding disclosure of policy were somewhat devious while in 1999 it was due more to the lack of policy.

\textsuperscript{132}Indeed, as Trotter argued, 'What Labour lacks at present is a compelling vision of the future' (Trotter, 1997k). Instead Labour essentially became just a health and education party, with little real ideological dynamism. Harman later commented that, 'so far there doesn't seem to be any "big idea" emerging from within the Labour Party and few stand out MPs' (Harman, 1999a: p.50).
confused, and since 2000 has faded out of usage. Such vagueness and unassertiveness is in contrast to Labour’s legendary historical tradition as reformers. As Gamlin stated, ‘Labour governments in the past would emerge from long periods in opposition and charge into office full of reformist zeal, with complete faith in the power of government action to transform society’ (Gamlin, 1999d: p.24). He pointed out that Clark had a conservative and pragmatic attitude to reform, as she had stated a preference for implementing changes over a three-term government, thus preferring ‘longevity in office, as against the do-or-die idealism of old’ (ibid). That the Labour Government’s decidedly conservative approach to change is exemplified by Helen Clark’s often-used line: ‘In Government, boring is good’ (quoted in Small, 2001c). Ultimately Clark is not a visionary (or policy-seeker) – she has been described as being a Keith Holyoake more than a Norman Kirk (Easton, 2002b). Likewise Finance Minister Michael Cullen is fond of describing Labour’s mandate as a vote ‘for evolutionary rather than revolutionary change’ (quoted in Kelsey, 2002: p.69). Similarly, an editorial of the *NZ Herald* accurately proclaimed: ‘This Government is the most conservative New Zealand has seen since the Holyoake era. Its mission has been to calm the electorate after a period of rapid economic change and promote modest improvement at a comfortable pace’ (*NZ Herald*, 2002c). Likewise, James labelled the Clark government of 1999-2002 as one of ‘consolidation’, noting that in policy and tone the government supplied stability and moderation (James, 23 Aug 2002).\(^{133}\) The pragmatism of modern Labour overwhelmed any strong expression of belief in anything. As Campbell asked: ‘can anyone name with complete confidence a single policy that the painfully pragmatic Labour leadership of today would defend to the electoral death?’ (Campbell, 1999b: p.18). This conservative orientation is not limited to Labour alone. Act, for example, has begun placing more emphasis on itself being a party of stability

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\(^{133}\) Sticking to the middle of the political spectrum became the Labour Party’s *raison d’etre* and area of expertise. As Clifton said, ‘Labour is stuck in the middle, trying to exude middleness with every fibre of its being’ (Clifton, 1998e: p.19). The party was attempting to be even milder than National: ‘However mild and hand-wringing the [National] government is about the plight of the poor, Labour is giving itself hernias in its efforts to be even milder. Less is more, as far as Labour is concerned’ (ibid).
Chapter Three: Post-Reform Consensus

rather than change. According to one party manager, 'All our research was
telling us that our constituency wanted change, but not too much change. They
wanted us to be different [from National], but not too different' (quoted in
Heeringa, 1996: p.27).

Behind the new negative consensus in the New Zealand party system is a
general exhaustion of ideas and principles. While conflict between the political
parties does indeed still exist, it is often a conflict that is driven less by political
principle and programmes than electoral calculation. This is a sign that
parliamentary parties in New Zealand are not only characterised by an
ideological convergence, but also by an ideological exhaustion – a situation in
which the ideological component of the party is less important than electoral
considerations. This is a climate where office-seeking dominates the parties and
their behaviour.\textsuperscript{134}

In the absence of ideology, then, there is a corresponding lack of policies of any
substance being produced – none of the parties have much of interest to say
anymore.\textsuperscript{135} This has been reflected most strongly in the election campaigns of
the 1990s which have clearly been less about manifestos, programmes and
policy, and more about leadership and trivialities.\textsuperscript{136} The 1996 and 1999 general
elections perfectly illustrated just how unimportant ideas are in politics, as the
parties' policies played very little role in the election campaigns or debates. For
example, there was no substantial debate about issues of defence, race
relations, foreign affairs, law and order or the environment – let alone any clash

\textsuperscript{134} Part of the problem is that parties are no longer vehicles for ideas, but often just implement policies devised by
government departments. As examined in Chapter Eight, political parties increasingly rely on the state to produce
policies for them, and the parties themselves no longer properly fulfil the classic function of devising policy.

\textsuperscript{135} In this new climate there is a tendency for politicians to say nothing rather than risk causing offence. This
further propels them towards a 'politics without policies' (Jaensch 1994, 243). As a logical conclusion, all the
parties are attempting to market themselves as 'orthodox' and as 'of the centre' and conversely trying to
label their opponents as extreme and wanting radical change (Heartfield 1997).

\textsuperscript{136} For confirmation of this trend, see Jackson (1991), and James (1997c, 26).
between alternative visions of society.\textsuperscript{137} Most of the parties' election manifestos were more concerned with propagating platitudes rather than policies.\textsuperscript{138} Again in 2002 – apart from the debate on genetic modification – there was little conflict over important issues.

Most clearly of all in the new era of politics, politicians and parties now lack policy dynamism. While parties of the left have largely given up on their traditional visions and policies, and have arrived at an accommodation with market capitalism, they have yet to construct any new framework of big ideas with which to move forward.\textsuperscript{139} It is not just left-wing ideas which appear to lack relevance today, however. The dynamic crusades of Roger Douglas and Ruth Richardson have long passed and the once confident right-wing agenda is also all but extinguished. The National Party has been in search of self-definition for over a decade and is also failing to come up with any new ‘big idea’ or coherent party identity.\textsuperscript{140} Act, too, is having trouble selling its libertarian policies and is now attempting to expand its appeal from that of an ‘ideas party’ of economic and social liberalism to a more pragmatic and almost rural-orientated party of populist protest and social conservatism. It seems that the free-market project no longer provides confidence for the right-wing and this is reflected in the failure of the parties of the right to project any positive view of the future.

An apolitical culture is also a factor. There has been a popular reaction against ‘big ideas’ (partly in response to the neo-liberal reforms of the 1980s), and New Zealand society favours pragmatism more than ever. Instead of vision, voters now desire ‘common sense’ – a situation that Steve Maharey warned of in the early 1990s: ‘A simple answer eludes us all at the moment and as a result there

\textsuperscript{137} See: Heal (1996b: p.57), and Laugesen (1996b; 1997a: p.67).
\textsuperscript{138} A number of commentators have noted the vagueness of the parties’ policy prescriptions. In 1995 Speden examined the increasing meaningless of the parties’ propaganda (Speden 1995a, 18).
\textsuperscript{139} See: Trotter (1997d), and James (1992a,1997a).
\textsuperscript{140} For instance, in 1997 Jim Bolger enthusiastically raised the concept of ‘social capital’ as a way to define the National Party’s identity and purpose, but this quickly vanished from National’s lexicon.
is a tendency to start talking about "pragmatism". There will be a number of people within Labour ranks who will think this way in the next few years. They have had enough of big ideas. What they will want is down to earth thinking producing common sense policies' (Maharey, 1992b: pp.13-14). Unsurprisingly then, when Labour arrived in government in 1999 it introduced an agenda that was, according to Kelsey, ‘ad hoc and palliative. There was no sense of a coordinated policy programme, let alone a coherent philosophy or vision that underpinned them’ (Kelsey, 2002: p.69). This reflects a general ‘political malaise’ in New Zealand society which means that the parties cannot unite their own ‘traditional’ supporters. In the absence of any strongly held views or of organised political passions, political parties do little more than reflect this. Therefore, far from Labour being in the ‘radical centre’ as Helen Clark maintains, or National being ‘radical conservatives’ as Jenny Shipley used to argue, the major parties have few inspiring ideas, let alone a wider vision of a better future.

Conclusion

The 1980s and early-1990s was a time of radical reform and a relatively polarised party system lacking political consensus. However, during the rest of the 1990s the party and electoral system was re-organised, and by 1999 a new policy consensus had developed on economic issues. Most importantly, the neo-liberal reforms have now been deeply embedded. Yet while polarisation is decreasing on the materialist/socio-economic scale, it appears that on societal issues (or the postmaterialist dimension), polarisation is again increasing – or at least conflict is occurring on this dimension, even if policies actually remain similar. There appears to be a relationship between these two movements. Most political debate in the early 2000s has therefore centred on social issues.

Today it seems that – despite MMP – there is little difference between the parties on all of the big economic issues and even on societal issues the differences are
less than the party conflict on these issues would suggest. This situation should dispel the idea that an intensification of party competition necessarily increases the political choice available to voters, ideologically revitalizing politics. As Kelsey has written, 'The re-emergence of party differences in the 1990s created an illusion of political choice while stabilising the change' (Kelsey, 1995: p.316). Voters are now being offered similar political projects – only they are packaged in the form of a fragmented party system. In fact, the differences between the parties probably appear bigger than they actually are. This is largely because the differences are 'magnified by partisan rhetoric' (Parenti, 1983: p.202). Much like other commodified products in the marketplace, the parties have to exaggerate their differences. Therefore the very absence of real political differences makes it all the more necessary for the parties to stress the ideological differences – or at least the ideological symbolism – that differentiates them from other parties.

However at the same time it would not be accurate to characterise the parties in Parliament as being totally the same. The parties still rely to some degree on their traditional blocs of class and other societal variations, and therefore require some obvious or manufactured differences between them to continue to reinforce past loyalties. However, the question that needs to be asked is: Are these differences of any significant consequence, or are the similarities of more importance than the differences? The following chapter looks at the social foundations of party support and how they influence party ideology.
Section Two:

Societal Support for the Parties
Chapter Four

Political Cleavages and the Party System

The previous chapter on ideology in the party system since 1993 introduced the idea that party competition is increasingly configured not by materialist-economic-class issues (that is, by the traditional left-right cleavage), but by postmaterialist issues such as conflicts over immigration, prostitution reform, nuclear ships, and genetic modification. As a result, a liberal-conservative dimension increasingly structures party competition. This chapter explores this further by examining the social bases of party support and inquiring into whether New Zealand politics is still driven by the traditional class cleavage,\(^1\) or whether other political cleavages are replacing it.

The connection between New Zealand’s political parties and their social bases of support is often stressed by political scientists and commentators.\(^2\) This is because Labour has traditionally derived most of its support from lower socioeconomic voters in the cities, while wealthier voters in both urban and rural areas have formed National’s voter base. A person’s place in society is, therefore, often seen as a relatively reliable basis for predicting their likely voting habits.\(^3\) This relationship between social structure and the distribution of votes

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\(^1\) The use of the term ‘class cleavage’ does is not meant to imply that there are only two classes in New Zealand society, but that there is a dynamic between them.


\(^3\) Prior to this emphasis on the sociology of voting behaviour, which developed in the 1960s, political scientists and commentators were prone to perpetrate the myth that voting was carried out in an almost
has also been seen as strongly driving the ideologies of the parties, allegedly making the Labour Party a left-wing (or socialist) party and the National Party a right-wing and free enterprise, conservative party.\(^4\)

This chapter challenges the idea that such a relationship between parties and social structure still exists, and suggests that party competition is structured less-and-less by this traditional socioeconomic left-right cleavage. Increasingly, other social cleavages (based on characteristics such as ethnicity, gender and location) shape party politics — but even these are weak. The notion that Labour is a party of working people and National is the party of farming and business is thus disputed, and instead, it is shown that these parties, as well as the newly-established ones, increasingly find their support in all sections of society. Therefore, today there is significant evidence of the declining influence of class (in particular) and social cleavages (more generally) in shaping voting behaviour and the ideology of the parties. This trend plays an important part in the decline of the institution of party in New Zealand and the erosion of ideology in particular.

The wider focus of this chapter is an examination of the interrelationships between the cleavages in society and the party system. Cleavages are lines of division in society and politics that separate groups that have different attributes. This chapter differentiates between social and political cleavages. Social cleavages are those based on identifiable traits that divide society, such as gender, religion, class, ethnicity, language, and region. Political cleavages are

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\(^4\) For example, Mulgan writes: "This social cleavage at the axis of the two-party system reflects the historical origins of the two parties, with Labour the socialist party of unionists and workers and National the anti-socialist party of farmers and business people. This divide, which has been reflected in the economically left-wing and right-wing orientations of the parties, has provided the basic assumption on which political activists and commentators have estimated where each party's supporters are to be found" (Mulgan, 1997a: p.272).
those based on ideology, attitudes and opinion, and they divide society and the party system. The two types of cleavages are interrelated, as often social cleavages are politicised (or 'partisised'), hence becoming political cleavages (or 'issue dimensions'). However, as Dean Jaensch crucially points out, 'not all social cleavages become political cleavages, and not all political cleavages are reflections of a social cleavage' (Jaensch, 1994: p.41). Put another way, social cleavages just divide society, while political ones divide both society and the party system. This chapter is essentially concerned with the extent to which social cleavages have been translated into political cleavages in the New Zealand party system.

Most writers on this subject have argued that the New Zealand party system is overwhelmingly characterised by one dominant cleavage – the left-right class cleavage, otherwise referred to as the socioeconomic, economic or materialist cleavage. Alternative cleavages are also often identified, such as those based on ethnicity, geography and religion. In addition, as Chapter Three illustrated, a postmaterialist liberal-conservative political cleavage is also increasingly identified – one that might be seen to encompass most of these alternative cleavages and broadly represent non-economic societal issues. This chapter argues that these alternative cleavages are becoming relatively stronger, and that the traditionally dominant socioeconomic cleavage has lost much of its potency. Part of the evidence for this is found in the results of the survey of experts on party ideology carried out for this thesis in 2003.

Part One of this chapter looks at the decline of the class cleavage, examining the nature of class voting in New Zealand and, in particular, highlighting the empirical research which provides evidence that the links between class and party are weakening. It details the electoral relationships between the individual political parties and voters defined by class. Following on from this, Part Two examines the alternative cleavages to ascertain their impact on the party system and whether their influence is increasing with the decline of the class cleavage. This
section argues that although no one significant social cleavage has risen to replace the class cleavage, a general postmaterialist political cleavage is increasingly organising party competition, with issues and differences of values, psychology, culture and identity often configuring and shaping party politics. In Part Three, some of the implications of the relative insignificance of social cleavages for parliamentary politics are investigated. In particular, it argues that the increasing detachment of parties from any fixed social bases of support has resulted in a reduction of pressure on political parties to act on behalf of a particular constituency. This has led to ideological erosion. Because the traditional divide between social classes has ceased to be a source of political conflict, National and Labour, as well as their satellite minor parties, have been separated from their ideological moorings. This change has helped to drastically rearrange New Zealand party politics, removing the ideological anchors that used to guide the way the party system operated. It is argued that more and more parties operate simply as vehicles for groups or teams of politicians seeking office.

The social bases of the party system have been measured in a number of ways in New Zealand. A common method is to compare the electoral performance of parties in certain localities (electorates or polling booths) with the known social characteristics of that location. Those characteristics can be taken from common knowledge or more sophisticated sources such as Department of Statistics census data. Correlations between parties and social structure can then be calculated.\textsuperscript{5} For example, Labour is said to be a party of the working class because it has traditionally performed strongly in those electorates which have few employers in them. This is a method used notably by Alan McRobie (1997).

A second method involves surveying voters. This allows more sophisticated, in-depth and reliable investigation into the relationship between social structure and political parties, as it deals directly with individuals. However, electoral survey

\textsuperscript{5} For a critique of this method, see: Mulgan (1997a: p.272).
research does not have a long history in New Zealand. Few voter surveys were carried out before the 1970s, and none were nationwide. The first useful survey was carried out in 1960 by Austin Mitchell of Dunedin Central voters. Then in 1963 R H Brookes and Alan Robinson surveyed the Palmerston North, Karori, Miramar and Manawatu electorates. The results were reported by Robinson (1967). The first national survey appears to have been carried out following the 1975 general election by Stephen Levine and Robinson. The results from this were reported by Levine and Robinson (1976) and Levine (1979). Since then, Stephen Levine and Nigel S Roberts have regularly carried out and organised various multi-electorate and national voter surveys at election time (1989; 1991b; 1992a; 1997). The most comprehensive New Zealand voter surveys have been undertaken by the New Zealand Election Study (NZES). This project has carried out large postal surveys of voters after every election since 1987. This data has been analysed most thoroughly by Jack Vowles (1987b; 1992b; 1994c; 1998b; 2000; 2001), who is New Zealand’s pre-eminent expert on the relationship between social structure and voting. Other researchers using the NZES data include Peter Aimer (1992; 1998), Hyam Gold (1985; 1989; 1992), and Marcus Ganley (1997), and their analyses are also referred to in this chapter. Another regular and extensive survey involving party choice and social structure is carried out by Massey University social scientists Paul Perry and Alan Webster (1999). A number of surveys are also now undertaken for media outlets by polling companies. The results from these are also used in this chapter to illustrate the argument.

The issue of the categorisation of class also requires some discussion. The main academic approach in New Zealand is to use the dichotomy of manual/non-manual workers to distinguish between working class and middle class voters.

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6 This survey involved 551 random personal interviews in the two weeks following the 1960 election. Results were published by Mitchell (1962d). The survey was repeated in 1962-64, and published in Mitchell (1967).

7 This survey involved 1555 random personal interviews following the 1963 election.

8 Their most recent survey, carried out in 1998 and published in 1999, had a sample of 1200 New Zealanders from across the country.
but as Vowles has pointed out, 'such a purely manual/non-manual definition of class voting is open to serious question' (Vowles, 1987b: p.25). However, Vowles has continued the manual/non-manual tradition because, 'although members of the salariat [non-manual working class] share some of the interests of the traditional working class in that they are usually employees, their jobs are of a higher status and usually provide greater autonomy and reward' (ibid: p.24). This method has been criticised by Shane Hanley:

This definition is both too narrow and too broad. On the one hand, it excludes all non-manual workers who are nonetheless wage-workers, and subject to essentially similar conditions and interests. On the other hand, the category includes a significant proportion of self-employed who do not share these inherent class characteristics. These definitions make it impossible to pinpoint how the whole working class votes (Hanley, 1988: p.11).

Some social and political scientists have also rejected class categories in favour of a socio-economic gradationalist approach, whereby voters are distinguished by income, thus producing groups such as 'high-income earners', 'middle-income earners', and 'low-income earners'. For the purpose of this chapter it is not useful to ignore the data generated by either the manual/non-manual distinction or the gradationalist approach, but such material is reproduced here with reservation. A more useful understanding of class in New Zealand is put forward by Brian Roper (1991: p.148; 1997), who uses a deliberately expansive and Marxist definition of the working class. In this, the working class is defined as those who are under the more or less continuous compulsion to sell their labour in order to purchase their livelihood. Such a definition includes the majority of white-collar employees, who arguably share similar class characteristics. Beyond the working class, according to Roper, are a number of other significant classes:

Within sociology, there is broad agreement that those who exercise effective control over the productive resources of society – capital, labour, and land – constitute the dominant class in New Zealand society. There is also broad agreement that those who

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9 According to Robinson, writing in 1967, New Zealand's class structure can be described by a group of business people, professionals and farmers at the top, 'blue collar' workers, both skilled and unskilled at the bottom, and in the middle, a 'buffer-zone' formed by the 'white collar' workers (Robinson, 1967: p.96).
are self-employed and own their own small businesses constitute a distinctive ‘old middle class’ or petite-bourgeoisie (Roper, 1997: p.94).

Using this general approach, political scientist Rob Steven has analysed census data from 1976, which showed the existence of a ‘ruling class’ in New Zealand numbering about 10 percent of the population, a ‘middle class’ of 12 percent, a ‘petite-bourgeoisie’ of 7 percent, and a ‘working class’ of about 72 percent (Steven, 1989).

**Part One: Decline of the Class Cleavage**

The existence and operation of the major parties in New Zealand have traditionally been closely aligned with class interests. This was especially the case after the 1880s, during which a decade-long depression politicised urban manual workers, small farmers, and the landless, leading to the election of the Liberal Party Government in 1890. With the arrival of the Liberal Party, working men – and later women – were finally involved in parliamentary politics and elected to Parliament. From this moment on, class was properly part of New Zealand politics, with both sides of the class divide represented in Parliament. This was reinforced when the Reform Party formed on the right of the Liberals in 1909 and was dependent upon small North Island farmers and urban businessmen. The Liberals’ support base later shifted towards commercial and

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10 For a variety of classifications of class in New Zealand, Bedggood (1980: p.72), Steven (1989) and Wilkes (1994) provide Marxist interpretations, while Pearson and Thorns (1983) provide Weberian interpretations.

11 Prior to the establishment in 1890 of the Liberal Party, which was the first ‘modern’ political party, most ‘parties’ were simply parliamentary factions ‘based on sectional or issue differences rather than class differences’ (Robinson, 1967: p.100). Nonetheless since the establishment of central government in 1856 these quasi-parties were dominated by the landed oligarchy. Liberal Party politicians, in contrast, were particularly aware of the different economic and political interests existing in the new nation and found advantage in taking up the side of the poor under universal suffrage. For example, prior to becoming Liberal premier, Richard Seddon clearly outlined the ideological division in New Zealand when he said, ‘It is all nonsense to talk of Liberalism and Conservatism in New Zealand. It is the rich and the poor; it is the wealthy and the landowners against the middle and labouring classes’ (quoted in Lipson, 1948: pp.68-69).
manufacturing interests (and the party changed its name to United), and thus the Labour Party emerged as the voice for trade unionists. Then, following the election of Labour in 1935, the National Party was formed out of the combination of the United and Reform parties.\textsuperscript{12} By the 1930s then, partisan competition in New Zealand was predominately uni-dimensional – organised around economic issues and class divisions, with the result that social structure played a crucial role in determining party support.

As elsewhere in the Western world the New Zealand parties' core voter bases in the 1930s came to provide their solid long-term backing. These social linkages have been theorised as representing a 'frozen party system' – the idea that defining moments in the history of a country produce social cleavages which become politicised, encouraging the emergence of party systems which reinforce and reproduce these cleavages. This was the theory developed in Seymour Martin Lipset and Stein Rokkan's influential analysis of 1967. They argued that political parties that establish their dominance in crucial periods are often able to retain their positions in the party system even after the social cleavages change. They do this by their skilful adaptation to that change, incorporating new cleavages into the original dimensions of conflict. Subsequently, for fifty years New Zealand politics orientated to the basic socioeconomic cleavage in which Labour and National were in dynamic competition.

For decades political scientists agreed that politics in New Zealand was nearly exclusively either concerned with economic issues or based around the left-right class divide. Leslie Lipson also noted in 1948, 'Politics in this Dominion are concerned with economic problems to the exclusion of almost all others. Social and moral issues, it is true, have at times entered into the field of party warfare, but none of these has ever dominated political controversy' (Lipson, 1948:

\textsuperscript{12} See: Robinson (1967: p.100), Carter (1956: p.90), and Gustafson (1986).
Chapter Four: Cleavages and the Party System

Half a century later, in the 1996 and 1999 elections, Fiona Barker and Elizabeth McLeay found that voters still overwhelmingly chose political parties based primarily on socio-economic issues (Barker and McLeay, 2000: p.148). Jonathan Boston et al. (1996) also concluded that Labour and National 'still derive their distinctiveness primarily from socio-economic and related issues' (Boston et al., 1996b: p.58). Likewise, according to Aimer, 'one issues dimension – the socioeconomic dimension – over-shadows all others' (Aimer, 2001: p.277). It is also noteworthy that in his 1994 multi-country study, Arendt Lijphart recognised only the socioeconomic class cleavage operating in New Zealand (Lijphart, 1994). Matthew Gibbons, in his content analysis of election manifestos between 1911 and 1996, found that the left-right dimension (which he says measures economic, redistribution and foreign policy differences) structured party competition throughout the period (Gibbons, 1997: p.16). As pointed out in Chapter Three, the results of Thomas Brechtel and Andre Kaiser's 1997 survey of experts also reinforced the idea that the socioeconomic dimension dominated the party system – just over half of the respondents classified New Zealand politics as uni-dimensional, and the survey as a whole gave the left-right dimension a ranking of four out of five on a scale of relevance (Brechtel and Kaiser, 1999: p.7).

13 Writing in 1969, Austin Mitchell had a similar conclusion, arguing, 'the social cleavage in fact dominates the political scene in unrivalled fashion. Without contrary pull, social self-interest becomes the main determinant of voting behaviour' (Mitchell, 1969a: p.30).

14 According to Barker and McLeay, 'in the 1990s, New Zealand voters' primary concerns were with the economy, unemployment, and related social concerns such as health care and education' (Barker and McLeay, 2000: p.145). See also: Clements (1982: p.151), Aimer (1997: p.193), and Nagel (1998: p.231). Miller has also said that 'New Zealand lacks the social cleavages found in many other multi-party systems' (Miller, 1997a: p.39).

15 Miller has recorded that 'Lijphart has argued, only the ethnic cleavage between Pakeha New Zealanders and the indigenous Maori population... prevent New Zealand from being regarded as a totally homogenous society. The party system, Lijphart claimed, was "one dimensional", with the socio-economic factor being the key point of social distinction' (Miller, 1997a: p.39). According to Aimer, Lijphart regards New Zealand as having 'pronounced unidimensional tendencies' shared in strength only by Barbados and the Bahamas (Aimer, 2001: p.277). See also: Lijphart (1984).
That class and a basic economic cleavage underpin the way New Zealand politics is carried out has become an almost unchallenged assumption for some. This is understandable, as for many decades its influence was overwhelmingly obvious, especially in that National electorates tended to be those with a high proportion of employers whereas Labour held electorates that tended to have a low proportion of employers.\(^{16}\) Furthermore, key party debates and differences clearly revolved around socioeconomic or materialist issues.

Traditionally political scientists have therefore viewed party politics in advanced industrial countries like New Zealand as existing in 'alignment' – a term referring to the association between the parties that people vote for and the social groups or categories to which these voters belong. A class alignment is therefore one in which the working class votes overwhelmingly for left-wing and the middle class votes overwhelmingly for right-wing parties. A second element of the concept of alignment is the idea of some rigidity or loyalty underpinning voting – that parties have party supporters (voters who actually identify with the party they vote for) rather than just people who vote for the party from time to time.\(^{17}\)

Throughout advanced industrialised nations political scientists have observed a breakdown in this alignment over the last four decades – a process and result that they label 'class dealignment'. In New Zealand, this class dealignment is highlighted when the most widely used method of analysing voting along class lines, the Alford index, is applied. This index is calculated by subtracting the proportion of the middle class – defined in this instance by the non-manual household vote (including farmers) – that vote for the main left party (Labour) from the proportion of the working class – defined here as the manual household vote – that also vote for that party. A 100 percent score would occur only where

\(^{16}\) According to Vowles, Labour electorates were also often those 'with a higher proportion of people employed in manufacturing than in professional, administrative and other skilled employment' (Vowles et al. 1995, 16-17). See also: Mulgan (1997a, Chapter Eleven).

\(^{17}\) For more on voter volatility, see Chapter Ten.
all the working class and none of the middle class voted for Labour, while a zero score would indicate that the middle class vote for Labour in an equal proportion to the working class. According to Vowles’ calculations, in New Zealand the Alford index has dropped from 30 percent in 1963 (at a time when dealignment was already underway) to only 13 percent in 1999, after falling to only 5 percent in 1990.\(^\text{18}\)

**Table 4.1: Alford’s Index of Class Voting in New Zealand**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1963</td>
<td>30%</td>
</tr>
<tr>
<td>1975</td>
<td>19%</td>
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<tr>
<td>1981</td>
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<td>1996</td>
<td>9%</td>
</tr>
<tr>
<td>1999</td>
<td>13%</td>
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There is a consensus within the contemporary political science literature that the influence of class on voting has been lessening since the 1960s, and many commentators now question its usefulness for understanding voting behaviour.\(^\text{19}\) Vowles maintains that although membership of social groups ‘has an influence on voting choice in New Zealand’, the ‘relationship between structural influences and political parties in New Zealand is complex, and weaker than many sociologists might expect’ (Vowles, 1994c: p.191). Gold agrees, claiming that recent trends indicate that ‘social differences do influence party choices in New Zealand, but only to a fairly modest degree’ (Gold 1992, p.489). According to Richard Mulgan, too, ‘there has always been a strong tendency for significant

\(^{18}\) Ganley says that, ‘Even if we include the Alliance, as the scale was originally based on all left parties not just the largest, the figure increases by only 0.9, still nothing like the earlier figures’ (Ganley, 1998: p.12). Mitchell also applied the Alford index to statistics from his 1962 Dunedin Central voter survey, arriving at a figure of 42 (Mitchell, 1967: p.6).
numbers of voters to vote against what might be thought of as their normal class interests... and the number of such voters appears to have been steadily increasing since the 1960s' (Mulgan, 1997a: p.274). All of this is not to say that the social class cleavage no longer plays any part in structuring electoral outcomes, but that it does so to a much lesser degree than in the past.

Academics sometimes ask whether the party system will revert back to its class alignments, again making the socioeconomic cleavage more universal and central. Some writers seem to think so, on the basis that dealignment is automatically followed by realignment and that there is a dynamism in party politics that automatically reinforces and reproduces cleavages of conflict. This is certainly possible, but there is no reason to believe that it is inevitable. Instead it seems more likely that what is occurring in New Zealand is ‘the onward march of party decomposition’ (Gustafson, 1993: p.73). It remains to be seen whether any substantial class realignment is possible in New Zealand society. This chapter argues that this is unlikely because the political parties are not encouraging an economic/class cleavage by campaigning on those issues. Nor is such a political cleavage reflecting an active and overt social cleavage any longer. Instead, other social and political cleavages are becoming more prominent.

There is no doubt that the class alignments created in the political system decades ago between party and society still remain partially frozen in the party system today, but it is also clear that there is less of a politicised social conflict that kindles rivalry between the parties. Instead, New Zealand society has been growing less cohesive and more individuated in recent years. This is part of a trend throughout advanced industrial democracies. Everywhere, collective organisations such as churches and unions have lost societal influence. The trend of individualism is in the ascendant and is at odds with the essentially

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19 According to Aimer, "The weak and weakening relationship between "class" (i.e. occupation) and voting is by now one of the firmly-established facts of New Zealand electoral politics" (Aimer, 1992: p.333).
collective nature of political parties. There has also been a noticeable decline in class consciousness in New Zealand. That which made individual workers and those in other classes feel that they were part of a particular section of society has largely gone. The fact that classes still exist in New Zealand cannot be disputed, but for various reasons (including the breakdown of the political traditions which have prevailed during the past century), fewer people identify as being members of their class. This is especially the case for the working class, which is made up of people who increasingly experience life and politics as individuals, rather than as members of a class with any collective interest and strength. Because political loyalty was at its fiercest in class-based constituencies, the breakdown of communities means this loyalty is declining.

This depoliticisation of class is seen in the declining level of traditional working class militancy. One indicator of this decline is the sharp fall in strike activity. Whereas in 1986 there were 1,329,054 ‘person days of work lost’ in the New Zealand economy, by 1997 this figure had dropped dramatically to 24,614 days (Statistics NZ, 1998: p.323). Another indicator of the same general phenomenon is the drop in union membership. While in December 1985 there were 259 trade unions and 683,006 union members (43.5 percent of the work force), by December 2002 there were only 174 unions representing 306,687 members (21.7 percent of the work force) (Street, 2001: p.355; Dearnaley, 2003). It is also noticeable that there has been relatively little class mobilisation in the streets in recent years. Despite the incredible reforms of the 1980s and 1990s there was remarkably little participation in protest. Even Jim Bolger noted with surprise the lack of protests that occurred on the streets in response to his government’s reforms (Bolger, 1998: p.55).

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20 According to Bently et al., ‘The rise of individualism, the values of the 1960s, television, economic change and a host of other factors are blamed for fostering an atomised world in which people feel less social connection and less interest in common issues or collective solutions’ (Bently et al., 2000).

21 See also: Trotter (1997r).
The following section illustrates the decline of the left-right cleavage by examining each party's class bases, and showing how this change affects the party.

**Labour Party**

For nearly half a century the Labour Party was solidly a party of the working class. Established in 1916 as the political wing of the trade union movement, it aimed to increase 'the visible, physical presence in Parliament of representatives of the working class' (Gustafson, 1989: p.211). Although over time Labour was successful in broadening its base beyond its core working class voting support, even as late as the 1960s Robinson was pointing out that a 'Comparison with English studies suggests that in New Zealand the working class may be more solidly pro-Labour than in Britain' and that Labour's support was 'fairly homogenous' (Robinson, 1967: pp.96, 101).

Where survey research exists prior to the 1980s, it points to the Labour Party's strong hold over the votes of the working class. Mitchell's 1960 survey of voters in the Dunedin Central electorate showed that Labour had the support of 87 percent of 'unskilled blue-collar' workers and 74 percent of 'skilled and semi-skilled blue-collar' workers (Mitchell, 1962d: p.176). R H Brookes and Alan

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22 The Labour Party deliberately oriented itself towards the working class: 'Labour's strongest appeal is to manual workers and lower-income salaried people in terms of such symbols as "the working man" and "fair shares" of "just distribution"' (Robinson, 1967: p.101).

23 Although the party's electoral support was initially restricted almost exclusively to working class voters, this did begin to change in the late 1920s and early 1930s when the party moved to attract the votes of farmers. See: Davidson (1989: p.354). In its first election experience of 1919, the Labour Party received 40 percent of the vote in the 'constituencies of an entirely urban character' (Lipson, 1948: p.227). Starting in 1931, however, Labour 'captured many of the rural protest-votes' (ibid). By 1935 Labour's voters were described by Lipson as 'trade-unionists (both conservative and radical) shopkeepers, civil servants, professional people, pensioners and unemployed, office workers, small farmers, and farm laborers' (Lipson, 1948: p.231).

24 Labour had the following support in Dunedin Central: 12 percent of 'upper professional and company directors', 25 percent of 'lower professional, self-employed, and business people', 44 percent of 'white-collar'
Chapter Four: Cleavages and the Party System

Robinson's 1963 Palmerston North electorate survey also revealed strong support for Labour amongst the working class, moderate support amongst middle-income earners, and much lower support amongst the more highly-paid occupations (Robinson, 1967: p.97). The 1975 nationwide survey by Levine and Robinson found that 53 percent of 'unskilled workers' voted Labour, (compared to only 24 percent for National). Labour also had 43 percent support from the 'unemployed' (compared to National's support of 25 percent) (Levine and Robinson, 1976: p.139).

By the 1980s, however, Labour was obtaining a smaller proportion of its votes from its traditional section of the class structure. In his surveying of three Auckland electorates in 1984, Vowles found that 'almost 36 percent of manual wage earning trade unionists had not voted Labour for three consecutive elections' (Vowles, 1987c: p.17). However, most of the working class continued to vote for the Labour Party. At the same time the party continued to increase its support amongst the middle class. Furthermore, an important element in Labour's election in 1984 was the support of the business sector. The party leadership had carried out intense lobbying of business, indicating to them that a Labour government would be pro-business. At the same time business was growing increasingly unhappy with the economic management of Muldoon's National Government, and a landmark 1984 National Business Review poll of business leaders revealed a majority in favour of a Labour victory (NBR, 2 Jul

and 'uniform' workers, 74 percent of 'skilled and semi-skilled "blue-collar" workers', and 87 percent of 'unskilled "blue-collar" workers' (Mitchell, 1962d: p.176). In a follow-up survey two years later, Mitchell found that Labour had the following support: 5 percent of 'big sheep farmers, 7 percent of 'directors of big companies, 5 percent of doctors, 15 percent of 'bank tellers', 28 percent of 'teachers', 44 percent of 'clerks', 62 percent of 'shop assistants', 70 percent of 'foremen', 80 percent of 'carpenters', and 89 percent of 'wharf labourers' (Mitchell, 1967: p.6).

25 This survey used subjective class categorisation, and indicated the following support for Labour: "working class", 63 percent; "middle class", 25 percent; and "upper middle", no support (Robinson, 1967: p.98).
26 Labour had the following support: 6 percent of farmers, 53 percent of 'unskilled workers', 43 percent of unemployed, 27 percent of students, 27 percent of 'housewives', and 23 percent of 'professionals' (Levine and Robinson, 1976: p.139).
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1984). Such support also extended to many businesses switching their usual donations from National to Labour. 27

As argued in Chapter Two, Labour's economic strategy in government after 1984 can be read as an attempt to reconfigure the party's support base using neo-liberal and socially liberal reforms to attract further middle class support. At the 1987 general election the reconfiguration strategy was clearly evident and proving successful. The influx of former National and New Zealand Party voters into the Labour Party's vote meant that the 1987 election was so characterised by class dealignment that NZES data showed no correlation between household income and party choice in the election, and manual and non-manual workers divided evenly between the major parties, although professionals were actually more likely to vote Labour (Gold, 1989). 28 This class dealignment was starkly evident also in the geographical distribution of votes, in that Labour enjoyed unusually high levels of support in seats that were either traditionally held by National or were marginal, while it lost support to National in many safe Labour seats. The fact that the bulk of the working class did not return to Labour in the following election was illustrated in the 1990 NZES survey data which showed 'Labour's normal lead over National among manual workers had wasted away to nothing. Thirty per cent of the manual group supported each party' (Aimer, 1992: p.334). 29 In 1993 Labour's support from manual workers and lower-socioeconomic voters improved – but not significantly (Vowles et al., 1995: pp.17-24). For example, unionists voting Labour rose from 36 percent to 39 percent (ibid: p.24). In the 1996 general election Labour continued to attract votes from across the broad socio-economic spectrum. McRobie's electorate analysis (comparing the election results with census data) showed that compared

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27 See Chapter Seven.
28 According to Aimer, electoral surveys in 1987 and 1990 pointed out that a substantial dealignment of working class voters had taken place, with less than half of those in manual occupations voting for the Labour Party (Aimer, 1992: p.334).
29 In fact, at the 1990 election, 'a quarter of manual workers did not vote, by far the highest proportion of any occupational group' (Aimer, 1992: p.334).
to other parties, ‘Labour’s electoral support was much more evenly distributed across all [income] quintiles regardless of the sub-variable considered’ (McRobie, 1997: p.171). He concluded that ‘Labour’s transformation from a party of the working class to a party supported by better educated, more highly skilled and better paid voters... is clearly in evidence’ (ibid: p.173).30 Also of interest, was Ganley’s socioeconomic analysis of NZES data on 1996 Labour supporters, which found that only 30 percent fell into the category of low income voters, compared to 19 percent of National voters and 35 percent of New Zealand First supporters (Ganley, 1998: p.25). In line with this, Perry and Webster’s 1998 survey research showed that although there were still differences between the social composition of Labour’s support and that of other parties, these differences are much less pronounced than they used to be. For example, Labour only had the support of 39 percent of ‘unskilled manual’ workers – a group who in Brookes and Robinson’s 1967 survey gave Labour 87 percent support (Perry and Webster, 1999: p.28).31

During the 1996-99 parliamentary term, while in opposition, the Labour Party gained the trust and support of the business community to govern again. An important indicator of this was a landmark 1998 business survey carried out by the *Independent* business newspaper which reported that business now felt more positive about the election of a Labour-led government. In the survey of 30 business leaders, all but three said they were ‘resigned to – or comfortable with –

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30 McRobie also commented that, ‘Labour’s support was also greater in the upper occupational groups. In the less highly skilled occupational categories, however, the reverse applied’ (McRobie, 1997: pp.171-172). McRobie was also surprised by the ‘strength of support for National amongst the semi-skilled and unskilled – over 36 per cent of the party votes and electorate votes cast by electors in the quintile with the most semi-skilled or unskilled people went to National’ (McRobie, 1997, pp.171-172).

31 There were only two categories where Labour was able to get more than half of the survey respondents’ support: ‘armed forces or security personnel’ (58 percent), and ‘never had a job’ (53 percent) (Perry and Webster, 1999: p.28). Labour also had the support of 32 percent of ‘employers or managers 10+ employees’, 34 percent of ‘employers or managers less than 10 employees’, 34 percent of ‘professionals’, 49 percent of ‘skilled manual’, 49 percent of ‘semi-skilled manual’, and 12 percent of ‘farmer-owns farm’. Overall the survey gave Labour support of 35 percent (ibid).
a Clark-led Labour Government' (McManus, 1998: p.12). Likewise, following the 2002 election the *DominionPost* reported that ‘Labour's resounding victory was a sign that the Government had won the respect of the business community over its term' (*DominionPost*, 2002a). The newspaper reported that the Wellington Regional Chamber of Commerce was welcoming the re-election of the Government, and also said that ‘Business leaders spoken to by The *DominionPost* were unanimous in their support for Labour’s victory' (ibid).

The social composition of Labour caucuses has also changed significantly since the party's arrival in Parliament. In the Labour Cabinet between 1935 and 1940, former trade unionists made up ten out of thirteen ministers – and there was only one minister with a professional background (Hanley, 1988: p.12). Even by the time that the Second Labour Government came to power in 1957, much of the working class component of the party had dropped out, and ‘only five of sixteen ministers had trade union backgrounds' (Webber, 1978: p.183). Yet in general, and as late as the 1960s, the occupational background of Labour MPs still differed markedly from National's. By the 1960s, Robinson reported that Labour MPs were typically ‘from lower-income groups, such as manual workers, teachers, and civil servants' (Robinson, 1967: p.102). Making up over a third of

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32 As Chapter Seven (on the sources of party finances) shows, Labour is now the preferred party of business. National has always received the huge bulk of donations from business, but in the 1999 election year both parties received similar levels, and in 2002 business donated significantly more to Labour. According to Labour president, Mike Williams, the corporate donations have been given to the party in ‘acknowledgment that the Clark-led Labour Government has helped create a stable and healthy business environment' (quoted in O'Sullivan and Small, 2002). As Chapter Three explores, the Clark Labour Government has closely collaborated with business to maintain a business-friendly economy. Although Labour's policies are very similar to National's, where they differ, Labour's are often more in line with business. The Labour Party now draws even the support of a number of prominent National Party business people. For example, Dryden Spring, a former corporate fund-raiser for the National Party, and former chairman of the New Zealand Dairy Board agreed to be the keynote speaker at a Labour Party conference. Former Auckland divisional head of the National Party, Ross Armstrong became a close friend and supporter of Labour leader Helen Clark, and worked closely with her government. Another champion of the party, is a former 'Entrepreneur of the Year' and millionaire vice-chairman of the Business Roundtable, Bill Day (Talbot, 2002).
the caucus in the late 1960s, the unionists outnumbered the next biggest group, the lower professional and lower business MPs, as well as the small group made up of farmers (Mitchell, 1969b: p.8).33 Things got worse for trade unionists in the Third Labour Government, with ministers from trade union backgrounds numbering only six out of 26 (Webber, 1978: p.183). After the 1975 election, according to Weber, 31 percent of the Labour caucus were ‘professionals’, 28 percent were manual workers or trade union officials, 22 percent were public servants, and 6 percent were white collar workers (Webber, 1978: p.193). That the working class dominance was being overturned was also obvious in that trade unions ‘ceased (as of 1975) to be active participants in Labour’s internal politics’ (Webber, 1978: p.191).34 The working class influence was also reduced with the party’s dramatic loss of membership in the mid-1970s. Although membership was again built up in the late 1970s and early 1980s, the new recruits were mainly drawn from the middle class.35 Thus, although before ‘1957 eight or nine of every ten members were manual workers’, by 1970 this had declined to only one out of every two, with the proportion falling even further throughout the 1970s and 1980s (Gustafson, 1989: p.210).

By 1984 the Labour Party as an organisation had a very different social composition to that of the First Labour Government, and power in the party was increasingly held by the middle class membership, ‘which accordingly selected candidates and devised policies in its own liberal image’ (James, 1987a: p.32).36 The party had given up on its original goal of promoting working class leadership and now acted more to give a presence in Parliament for politicians from the

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33 The candidates in the 1966 general election were also, according to Mitchell, made up largely of active members of trade unions, with 36 trade union candidates and a further 13 candidates who had been ‘active in those bulwarks of a more middle class unionism, the Public Service and Post Primary Teachers Associations’ (Mitchell, 1969b: p.10).
34 See: Chapter Five for details of Labour’s relationship with trade unions.
36 Inverse to the incorporation of the new social liberals into the party, the working class element declined, and the new look party organisation became alienating to working class New Zealand. See: James (1993: pp.68-69).
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middle classes. Barry Gustafson has pointed out that of the Labour caucus in 1984 'almost three out of four MPs came from the professional class, including nineteen who had been teachers or university lecturers and ten who had law degrees' (Gustafson, 1992b: p.277). According to Grant Klinkum, 'The proportion of Labour MPs in New Zealand from the professions increased from 18% to 73% between 1935 and 1984' (Klinkum, 1998: p.86).

Unsurprisingly, the proportion of current Labour MPs with union backgrounds remains low – making up 15 percent of the current caucus, which compares to almost 90 percent after the first general election that the party contested in 1919, and 27 percent in 1972 (Webber, 1978: p.183). Furthermore, although a small number of ex-trade unionists still exist in the Labour caucus, there is no identifiable trade union faction or agenda amongst the MPs. The relatively narrow middle class grouping from which the caucus is drawn means that there is a distinct lack of commonality between the party and working class voters. Consequently these MPs are less likely to represent such interests in Parliament. As Gustafson has argued, the new type of MPs 'are involved in values issues rather than the old bread-and-butter economic issues which the unionists were very strong about' (quoted in Venter, 1999a: p.6). The changing social background of its MPs has thus altered the very political nature of Labour Party.

37 The Fourth Labour Government contained very few MPs who were not from 'the professional middle classes: lawyers, accountants, lecturers, teachers, bureaucrats and the like' (James, 1992a: pp.141-142). The Labour Cabinet also 'contained, among its twenty members, seventeen from professional/semi-professional occupations, including eight former teachers and six with law degrees' (Gustafson, 1992: p.277).

38 The former trade unionists are Rick Barker, Taito Philip Field, Mark Gosche, Graham Kelly, Mark Peck, Paul Swain and Lynn Pillay. Former Lawyer, Lianne Dalziel, also worked for a trade union.

39 See: Nagel (1998: p.241), who argues, 'they no longer had any visceral identification with poor and working class people; their own interests, associations and lifestyles led them to identify with New Zealand's affluent classes; and their "leftism" lay in non-economic issues, to which most of them gave priority'.

National Party

As the name suggests, National has always claimed to represent all New Zealand social classes and regions. To the extent that National has been able to realise this claim, it has done so by being a broad catch-all party, with a low ideological propensity. Despite its claim of universal representation, the National Party has traditionally been most strongly supported by farmers and wealthy urban dwellers.\(^{41}\) As shown in Chapter Seven, in the past National has drawn much of its financial support from wealthy farmers, manufacturers, and commercial interests. At the same time, the party remained distant from working class voters. John Roberts noted in 1978 that the pattern was very clear: 'People with property or with jobs controlling property seek out and are sought out by the National party. The party has little contact with workers, teachers, the lower-paid professionals and tradesmen' (Roberts, 1978: pp.74-75).

That National's support has been very distinctive and class-based is illustrated by past voter surveys. The 1960 survey of the Dunedin Central electorate showed that National had the support of 86 percent of those classed as 'upper professional and company directors', and 67 percent of 'lower professional, self-employed, and business people' (Mitchell, 1962d: p.176).\(^{42}\) The Palmerston

\(^{41}\) The National Party was originally formed from a coalition of three different parties with their own electoral bases. One part of the coalition – the Reform Party drew its support from smaller farmers and the rural service sector. The United Party ‘was the right wing of the old Liberal Party', and its support came from ‘urban businessmen, the middle class and some skilled tradesmen' as well as some farmers (Gustafson, 1997a: p.131). The Democrat Party was much more libertarian, and much like the modern Act party, the Democrats emphasised individual freedom and personal responsibility.

\(^{42}\) National had the following support in Dunedin Central: 86 percent of ‘upper professional and company directors', 67 percent of ‘lower professional, self-employed, and business people', 55 percent of ‘white-collar' and ‘uniform' workers, 15 percent of ‘skilled and semi-skilled "blue-collar" workers', and 8 percent of ‘unskilled "blue-collar" workers' (Mitchell, 1962d: p.176). In a follow-up survey two years later, Mitchell found that National had the following support: 87 percent of ‘big sheep farmers, 86 percent of ‘directors of big companies, 73 percent of doctors, 47 percent of ‘bank tellers', 29 percent of ‘teachers', 18 percent of ‘clerks', 11 percent of ‘foremen', 7 percent of ‘shop assistants', 6 percent of ‘carpenters', and 5 percent of ‘wharf labourers' (Mitchell, 1967: p.6).
North electorate survey of 1963 showed that the class alignment was stronger when respondents' class categories were subjectively chosen, with National voters comprising only 25 percent of those who called themselves working class, 61 percent of those who called themselves middle class, and 75 percent of those who gave themselves the label of upper middle class (Robinson, 1967: pp.97-98). Similarly, the 1975 nationwide election survey found that National's strongest support lay amongst farmers (76 percent supported National compared to just six percent who voted Labour), 'housewives' (57 percent compared to 27 percent for Labour), and 'professionals' (55 percent support compared to 23 percent for Labour) (Levine and Robinson, 1976: p.139). Using data from the same study, Levine also argued that the National's middle class basis was evident by the higher formal educational attainments of its supporters. Whereas only 1.1 percent of Labour supporters had a bachelor's degree or university diploma, 6.5 percent of National supporters did (Levine, 1979: p.90).

The class division between the major parties began to erode more quickly in the 1970s and some of National's traditional constituency drifted to Labour. This drained the party of its more socially and economically liberal middle class membership and leadership. No longer was the party so attractive to the younger educated and affluent members, and many joined Labour. The party also 'taxed away' its urban support base, and lost its monopoly of professional middle class support because it was too conservative on social issues like abortion and apartheid, and too rigid about defence policies. Many small farmers also switched to Social Credit, which was becoming a more rural-based party.

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43 Other occupational groups voting for National included unskilled workers (24 percent compared to 53 percent for Labour), the unemployed (25 percent compared to 43 percent for Labour), and students (35 percent compared to 27 percent for Labour) (Levine and Robinson, 1976: p.139).
44 The Values Party, however, had an even higher numbers of supporters with a bachelor's degree or university diploma – 8.3 percent (Levine, 1979: p.89).
46 In 1984, according to Harman, 'We saw for the first time middle class New Zealanders voting against National.... because they were frustrated with inflation, they were frustrated with interest rates and I think also they were frustrated by the oppressive tightness of New Zealand society' (quoted in Russell, 1996:···)
By the early 1980s National was having serious problems maintaining strong links with its class base. Instead, Muldoon's appeal to what was called 'Rob's Mob' and his essentially social democratic intentions 'to protect the New Zealand of his "ordinary bloke" had strong appeal to the traditional working class' (Russell, 1996: p.28). That the National Party had moved so far away from its core support base meant that in 1983 the breakaway New Zealand Party was able to be formed successfully on the right of the political spectrum. Like the former Democrat Party of the 1930s (and latterly the Act party), the New Zealand Party drew support from the liberal middle classes, and finance from wealthy urban business and professional interests.

The erosion of National's class basis was partially because of the decline of its farming constituency. As the proportion of farmers in society has decreased, so has National's class distinctiveness. Partly as a result of this agricultural decline, National has been forced to focus much more on securing an urban constituency. Also, just as the Labour Party has had difficulties retaining their traditional working class support whilst incorporating the middle class into the party, National has increasingly struggled in the 1980s and 1990s to keep farmers onside as it targeted working class voters. In fact, as early as the 1970s the party started moving 'away from its rural roots to some degree and placed far more emphasis on the growth of manufacturing and secondary exports' (Pearson and Thorns, 1983: p.144). But National continued to receive disproportionate support from the occupational grouping of farmers. On the basis of NZES data Vowles reported that in the 1996 election, one of the strongest effects of occupational

p.15). It was indicative of the declining class distinctiveness of National that they lost the seat of Pakuranga to Social Credit's John Morrison in the election.

47 That small farmers began voting for Social Credit reflected the class division in rural areas that opened up at the end of the postwar boom. Social credit's peculiar version of anti-capitalism appealed to small business-owners and other small farmers (Miller, 1989: pp.246-49). This points to the problem with the category of 'farmers'. While workers are divided into 'manuals' and 'non-manuals', social scientists generally ignore the 'small farmer' and 'big farmer' division.
class voting lay in the support that National received from ‘farmers and other agricultural entrepreneurs and managers’ (Vowles, 1998d: p.40). 48

In terms of middle class support, National was also having difficulties. Ganley’s analysis of 1996 NZES data found that National picked up only 10 percent of its votes from those earning over $44,200 (compared to Labour’s 5 percent and New Zealand First’s 4 percent) (Ganley, 1998: p.25). He also discovered that National and Labour voters were equally likely to be professionals (20 percent of their vote), while 13 percent of New Zealand First voters were also professionals (ibid: p.27). The 1998 survey research by Perry and Webster also illustrated the nature of the support base for National. Although those from the working class were much less likely to vote National, when it came to ‘employers or managers with less than 10 employees’ National had only 34 percent of their support, which is surprisingly low, especially since Labour had 32 percent support from this group. National’s support only slightly increased to 39 percent for ‘employers or managers 10+ employees’ – a traditional stronghold of support for the party. When it came to ‘professionals’ National actually had less support than Labour – 32 compared to 34 percent. National easily had the most support from those that owned farms, but at only 48 percent, this was considerably lower than the 76 percent support that Levine and Robinson discovered 23 years earlier (Perry and Webster, 1999: p.28). 49

According to the NZ Herald-DigiPoll’s 2002 election survey, Labour and National received similar levels of support from wealthy voters – of the richest 40 percent of society, National won 31.6 percent of the vote – not much more than Labour’s 28.2 percent (Collins, 2002). Similarly, a 2002 UMR opinion poll showed that National had the support of only 40 percent of those earning over $70,000

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48 See also Aimer (1992) who found that in the 1987 and 1990 elections, ‘only those in agricultural occupations consistently gave more than half their support... to one party – National’ (Aimer, 1992: p.334).

49 As shown in the section on the Labour Party, an increasing proportion of workers have supported National in recent years. Indicative of this was a large number of traditional Labour electorates being won by National – for example, in 1990 National’s Gilbert Myles won Mt Roskill.
(compared to support for Labour of 39 percent) (Langdon, 2002). Even more striking, an NBR poll at the same election showed that only 21 percent of professionals and managers supported National (compared to 50 percent supporting Labour) (Hill Cone, 2002). Also, where the party used to have strong support from ‘homemakers’ (57 percent in 1975), by 2002, they only had 9 percent (compared to Labour’s 59 percent) (ibid). None of these figures suggest that the parties’ social bases are remarkably polarised but, instead, that social structure is playing a decreasing role in voting.

In the late 1990s National began to lose its strong employer support. Much like in the mid-1980s when the business community grew tired of the Muldoon administration, the commercial world was losing faith in Jenny Shipley’s government and was sufficiently reassured by Labour’s business-friendly overtures that it was willing to give Labour a chance to govern. The Independent newspaper’s 1998 survey of employers reported that they believed the National government should be voted out:

Frustrated by a lack of leadership, two years of policy paralysis and inept and rudderless government, the New Zealand business community has turned its back on the National Party, and Prime Minister Jenny Shipley. Characterising the current regime as confused, inert, visionless, unstable and politically opportunistic, most of the 30 business leaders surveyed in-depth by The Independent expect an early election (McManus, 1998: p.12).

The elite social composition of National MPs has also been changing. Historically, the party has drawn most of its parliamentarians from its traditional

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50 A spokeswoman for National said that the party’s own polling showed that although National was ‘well ahead’ on support with $77,000-plus earners, in the $52,000-to-$77,000 group of earners, support between Labour and National was more even (quoted in Langdon, 2002b).

51 The survey reported that business leaders expected or wanted the defeat of the National Party government, believing that ‘the government must go – and the quicker the better’ (McManus, 1998: p.12). One respondent told the newspaper that ‘A large number of quite senior business people are completely relaxed about a change of government and the [political donations] will reflect that’ (quoted in McManus, ibid). Donations declared to the Electoral Commission confirmed this point of view. Chapter Seven shows, donations from business have been decreasing over the years as National has correspondingly lost its natural position as the preferred party of business.
core group of supporters: higher-income groups, such as farmers, professionals (lawyers and accountants especially), and businesspeople (Robinson, 1967: p.102). In 1969, for instance, Mitchell reported on National's candidates for election, outlining that 40 percent of the party's candidates were farmers, 24 percent were 'top professionals' and six percent were company directors (Mitchell, 1969b: p.8). In the 1978 general election, John Roberts noted that National had 12 business executives standing for the election, together with nine lawyers and three teachers (Roberts, 1978: p.74). In the 1990s the parliamentary party was gradually becoming dominated by professionals. Farmers only made up a quarter of a caucus dominated by those with professional backgrounds (constituting about a third of the caucus).

The move away from its farming constituency was temporarily halted by National's heavy defeat at the 1984 general election in which the party lost most of its urban seats. The new parliamentary caucus was, by default, almost entirely made up of representatives from rural and provincial seats. Of the 45 metropolitan electorates within the five main cities, National held only seven in 1984 – and only one of which was outside Auckland (Fendalton).

Back in power in 1990, the makeup of the first Bolger Cabinet was indicative that the National Party was still tied to its rural roots. Thirteen former farmers were appointed to the twenty-MP cabinet, together with a further three MPs from rural or provincial areas, while there was only one MP included from a metropolitan Auckland seat. Furthermore, the Prime Minister himself was a farmer and a former office holder in Federated Farmers (Vowles, 1992c: p.353). Politically, however, the National Government was economically liberal and not overtly farmer-focused. By the end of the 1990s, farmers were clearly a decreasing influence in politics and society, and in 1999 there were only 14 MPs in Parliament who gave their occupation as 'farmer', and 4 of them were not in the National Party (Molesworth, 1999d: p.21).

National Party historian Barry Gustafson told one newspaper that 'The National Party has also become less representative of its traditional constituency. The two groups that used to dominate National cabinets, MPs from rich urban seats and strong rural electorates, have been replaced by "middle-class, suburban types"' (Venter, 1999a: p.6).\(^{53}\) By 1999 Richard Harman was also reporting that National, like the other parties, lacked MPs with a business background, saying that the party list was 'heavy with lawyers, accountants and doctors' (Harman, 1999: p.23). In the mid-1990s, the only National Party ministers with a background in business were Philip Burdon and Bruce Cliffe, and by the time the party left office in 1999 it had very few MPs with business backgrounds at all (Bedford and Martin, 1999: p.15). Likewise, in 2002 Gordon Campbell figured that the only National Party candidates with farming experience were 'Bill English, David Carter, Gavan Herlihy, Eric Roy, Shane Arden, and... Brian Connell' (Campbell, 2002a: p.22). In terms of the extra-parliamentary party as well, the agricultural element was weakening in the organisation.\(^{54}\) Although the party elected an ex-farmer as president in 1989, Geoff Thompson was also a lawyer and had been an MP between 1978 and 1984. Since the 1980s, most presidents – Sue Woods, Neville Young, John Collinge, John Slater, Michelle Boag, and Judy Kirk – have been urban professionals.

New Zealand First

Partly because of New Zealand First’s ambiguous political identity, political commentators have had problems identifying just where support for it has come

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\(^{54}\) See: Spoonley (1987: pp.229-230), who argues that there has been significant tensions between the National Party organisation and its traditional constituencies: 'This cleavage is paralleled by a division between the rural and urban sections of the party, as the former has lost much of the dominant position within the party organisation.... The antagonisms, as yet unresolved, have affected the membership base of the National Party.'
Voting surveys indicate that New Zealand First's support-base is relatively dispersed, especially in terms of class, and not dissimilar to most other parties (Vowles et al, 1995: p.26). The final Herald-DigiPoll survey of the 2002 election showed that support for the party was very evenly spread across all income groups (Collins, 2002).

There is some reason to believe that the party has, at times, received the support of a significant number of low-income workers and beneficiaries. Prior to its launch, one survey showed the party to be favoured by 45 percent of those earning under $15,000 (Small, 1993a: p.14). Likewise, according to McRobie, at the 1996 general election New Zealand First performed best in those electorates with both ‘the largest number of voters whose incomes were below $15,000 per annum’ and ‘in receipt of benefits other than New Zealand Superannuation’ (McRobie, 1997: pp.171, 172). In terms of occupation, New Zealand First won its most votes in electorates with high numbers of ‘skilled, semi-skilled and unskilled workers’ than in electorates with high numbers in ‘rural occupations’ (ibid). The survey research of Vowles et al. at the 1993 election also found that the ‘party appealed more than might have been expected to manual workers’ – 36 percent (Vowles et al., 1995: pp.21, 26).

In Perry and Webster's 1998 survey research, New Zealand First’s socio-economic support was relatively evenly spread across society. Notable exceptions to its overall support of 3.1 percent were high support from the category of 'employers or managers less than 10 employees' (4.2 percent), farm owners (4.8 percent), and those who had never had a job (5.9 percent) (Perry and Webster, 1999: p.28).

The social composition of New Zealand First's parliamentary representatives is, like Act, in business. Richard Harman pointed out in 1999 that the party had 'a relatively high percentage of MPs with a business background' (Harman, 1999:

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p.23). However, New Zealand First does not appear to have a great number of financial or well-known backers. The most prominent patron to date has been Bob Jones, who allegedly contributed to New Zealand First’s campaign funds in its early years (Scherer, 1994b). Most commentators suggest the party is backed by small businesspeople.56

**Act New Zealand**

As might be expected, Act’s strongest support in the class structure has come mainly from wealthy electorates (Vowles, 1998: p.33). In 1996 Act support was strongest in higher socioeconomic electorates such as Epsom (22 percent of the party vote), Tamaki (16 percent), and Wellington Central (35 percent of the electorate vote) (Fraser and Zangouropoulos, 1997: p.49). That the party’s support was mostly concentrated amongst the rich was also indicated by the fact that overall Act performed well in one Christchurch and six Auckland seats which were listed in Statistics New Zealand’s Electoral Profile as being in the top ten richest electorates. McRobie’s electorate analysis also showed that Act’s support was weighted amongst the wealthy:

When occupation is examined, the success of Act’s unashamed appeal to professional and managerial groups can readily be seen. Electorates with the largest proportion of people in these groups strongly supported Act – at 9.7 per cent (compared with 6.1 per cent of the party vote overall) its support was almost twice that of any other quintile (McRobie, 1997: p.171).

In the 1999 general election the party’s support again tended towards the wealthy. While Act obtained a total of 7 percent of the party vote and 9 percent support from both farmers and those earning over $67,000 per year, amongst manual workers it achieved only 3 percent support (Reid, 2001: p.266). Although these figure suggest that Act is a rich person’s party, in 1999 it still picked up a surprisingly high amount of support from low income people. For example, despite the party’s hard-line election stance on beneficiaries, Act managed to

56 See: Trotter (1997)),
receive a credible 4 percent support from 'those on a benefit' and 3 percent support from 'those on two or more' (Reid, 2001: p.266). In fact Perry and Webster's 1998 research indicated that Act's support is not significantly varied throughout New Zealand's social structure. For example while Act had the support of 4.3 percent of 'unskilled manual' workers, they only had the support of 3.8 percent of 'professionals' and 4.8 percent of farm owners (Perry and Webster, 1999: p.28).

The leadership of Act is clearly from higher socio-economic groups. The foundation members of the Association of Consumers and Taxpayers group included a large number of managers, consultants and economists. Also reflecting the party's re-orientation towards the rural community in the late 1990s, in the 1999 general election campaign Act put 'more farmers and primary producers on its list than National, Labour and the Alliance combined' (NZPA, 1999p: p.A4).57

The Green Party

The Green Party is one of the more elusive parties when it comes to clarifying its social base, but in general the Greens are a party of middle class politicians and supporters. Certainly the forerunner to the Greens, the Values Party, was very much based on middle class support. Levine and Robinson's 1975 survey found that Values voters were typically found in the 'middle/upper' part of New Zealand's class structure, and on an 'occupational' basis, Values voters were typically professionals and students (Levine and Robinson, 1976: p.141). It is not surprising, therefore, that in 1990 the Green Party received its highest votes in the high-income electorates of Fendalton, Remuera, Eden, Birkenhead, Ohariu and Miramar. The Greens have also performed well in semi-rural, middle class

57 Following the party's 1996 success with rural voters, in 1997 Act moved to reposition itself towards farmers — something that MP Owen Jennings had always pushed for. His argument was that farmers, being staunch individualists, should be natural Act supporters.
seats like Coromandel. An Alliance-commissioned focus group study in the late 1990s also confirmed that Green support was predominantly middle class:

the social groups which comprise support for the Green Party are predominantly those who in the normal course of events would be expected to vote National. But if the Greens did not exist most of their voters would most likely vote either Labour or for one of the ‘fringe’ parties rather than National. In the period during which the Greens were in the Alliance probably most Greens voted Alliance only because that was where the Greens were politically located for the moment (Simpson, 2000: p.7).

Perry and Webster’s 1998 survey showed that Green support was not particularly concentrated within any particular area of society. Compared to its overall 2.4 percent support in the poll, the party did better amongst ‘employers or managers 10+ employees’ where they scored 2.9 percent. Within most categories, however, the Greens received a relatively evenly dispersed support. For instance, amongst farm owners the party scored 2.4 percent support – the same as its total (Perry and Webster, 1999: p.28). This evenness of support was confirmed by the final Herald-DigiPoll survey of the 2002 election, which showed that Green support ‘was spread more evenly across all income groups’ than other parties (Collins, 2002).58

United Future

The United Future party is very deliberately a party of the middle class. Its leader, Peter Dunne, was determined to establish such a party since the early 1990s when he broke away from the Labour Party. He claimed then that his new party would target ‘middle New Zealand’, which he defined as families, mortgage-holders and those struggling to pay for education and retirement (Edwards and Boyd, 1995: p.7).59

58 The Greens are thought to have gained a large number of ex-National voters in the 2002 election. The Greens’ campaign manager, Cate Faehrmann, pointed out, ‘the Greens, like New Zealand First, have gained tremendously from the National Party’s collapse’ (Laxon 2002).

59 See also McLoughlin (1994a: p.41), in which Dunne makes a claim to represent the ‘over-taxed, politically ignored middle classes’. Also, according to Sheppard (1997c: p.9), Dunne believes his party can represent National’s traditional small business constituency.
The Future New Zealand component of United Future was previously in the Christian Coalition – a party that appears to have been relatively class-neutral. According to Perry and Webster, the support of the Christian Coalition was 'rather evenly spread, with little variation across classes' (Perry and Webster, 1999: p.29). The main exception in their 1998 survey was amongst the category of 'unskilled manual' labour, from which the Christian Coalition received 4.3 percent support, compared to their overall support of 2.1 percent (ibid p.28).

James noted that, 'Socioeconomically, the occupations listed for the Christian Democrats' board of reference paint a picture of small businesspeople, with a sprinkling of professionals and bureaucrats... plus a few ministers of religion.' (James, 12 May 1995: p.13). One of the leaders of the Christian Democrats party (which is now part of the United Future party) is Brian Pankhurst – the former chief executive of Whitcoulls group and former chairman of the Auckland Crown Health Enterprise (Heeringa, 1995: p.79). The 1995 party president, David Brown, was 'a former chief executive of the Amuri Corporation and now owner of Christchurch-based architectural firm The Design Team' (Heeringa, 1995). The then vice-president, David Harrison, was a 'former chief executive of insurance brokers Marsh McLennan and now owner of the Wellington-based Centre Consulting Group' (ibid).

When Future New Zealand and United merged and stood at the 2002 general election, the new party picked up most of its votes from former Labour and National voters. Although United Future won 6.7 percent of the party vote, the Herald-DigiPoll showed that the party received the support of only 4.7 percent of those New Zealanders in richest fifth of the population, but 9.6 percent of the next-highest fifth (Collins, 2002).
The Alliance and the Progressive Coalition Party

Despite common impressions, the Alliance has always had a core middle class element to it, and has obtained votes from throughout the class structure. In its early years, the NewLabour Party (NLP) always claimed to represent the working class constituency that it claimed Labour had abandoned in the 1980s. Senior party members, such as Matt McCarten described the NLP as a ‘party of the poor’ (quoted in CPNZ, 1991b: p.27). The membership of the party reflected this claim, with McCarten claiming in 1991 that two thirds of party members were beneficiaries (ibid). Certainly in the 1990 general election, the NLP attempted to position itself as a party for working class voters, and it partly succeeded in this task, performing well in predominantly working class seats like Mangere, Avon, Christchurch Central, Auckland Central, Westcoast, and Sydenham (Jesson, 1994: p.5). When the Alliance was later formed, NZES survey research indicated that the new grouping failed to attain the same identification as a working class party:

In traditional terms, the Alliance appears to have been almost ‘class-neutral’, or perhaps more accurately ‘class-balanced’, in 1993, as a result of the convergence of NewLabour and the Greens within the wider Alliance grouping in 1991, and the consequent broadening of its constituency beyond any one of its component parties (Vowles et al., 1995: p.26).

In the 1993 election the party won its most votes in predominantly middle class and rural electorates rather than working class ones, helping the Alliance receive an impressive 18 percent of the vote (Jesson, 1994: p.5). Mulgan argued that the Alliance was therefore ‘unable to make good its claim better to represent

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60 According to Vowles et al., ‘NewLabour had sought to undercut Labour’s traditional support among manual workers, unionists, and beneficiaries, and also to extend its own electoral appeal to a more diffuse constituency of environmentally concerned electors’ (Vowles et al., 1995: pp.25-26).

61 As Vowles and Aimer have suggested, the NLP ‘constructed itself a more class-homogeneous constituency than any other party’, and their research provided evidence for ‘the claim that the traditional working class lies at the core of NewLabour’s electoral position’ (Vowles and Aimer, 1993: pp.161, 164).

62 According to Sheppard, ‘its biggest gains were made not in the three main urban centres, but in the most deeply rural and safe National seats’ (Sheppard, 1994). Where the party did attract greater urban support, this came ‘through attracting higher, not lower, socio-economic groups; the post-war generations, comfortable with affluent lifestyles, liberal, environmentally concerned, etc.’ (ibid: p.8).
Labour's traditional supporters among unionists and manual workers and was almost indistinguishable from Labour in the class of voters it attracted' (Mulgan, 1997a: p.274).63

In 1996 the Alliance again did very well in middle class electorates – even gaining second place in Hauraki, Franklin, St Kilda and Waipa. The voting analysis by Vowles also showed that the Alliance 'had a vote most evenly spread across the two main [socioeconomic and geographic] cleavages, although it was a little more concentrated in working-class areas' (Vowles, 1998d: p.33). The Alliance's own analysis of NZES data for 1996 also confirmed the evenly-spread nature of the party's support base:

The 1996 Waikato study found that the typical Alliance voter in 1996 was difficult to distinguish demographically from the general electorate. Alliance support at the election was reasonably consistent across income groups, age ranges and locality. There was slightly less Alliance support among higher income earners and increased propensity to vote Alliance as one moved south, but these variations did not appear to be very great (Pagani, 1997: p.1).

The NZES data for 1999 also found that Alliance support was very diversified. Alliance staffer Tony Simpson summarised the findings: 'Broadly speaking, this indicated that there is no clear and significant (statistically speaking) co-relation between any social indicator and Alliance supporters. Those on less than the average wage are as likely to vote for us as those on twice the average wage' (Simpson, 2000: p.5). Simpson also noted that the NZES data indicated that 'the very poor do not vote for us in significantly greater numbers either. Statistically speaking the co-relations in respect of these factors are weak' (ibid).64 Perry and

63 Vowles et al. also argued that 'the mobilisation of manual workers and unionists into the Alliance by NewLabour appears to have been only partially successfully. The Alliance may even have been losing ground to Labour by 1993. Its profile, while tilted very slightly more than Labour's towards low income voters and beneficiaries, was still less well represented than Labour's among the manual occupations and unionised households' (Vowles et al., 1995: pp.25-26).

64 Simpson also analysed the electorates that the party obtained the most votes in, commenting that 'There is no apparent co-relation between the social characteristics of electorates and their tendency to give us a better than average list vote' (Simpson, 2000: pp.5-6). He concluded that, 'What this (and the Waikato study)
Webster's 1998 survey also showed that support for the Alliance was relatively even across the whole social structure. While the survey gave the party 6.3 percent overall support, those in social groups who might not be expected to support the Alliance did in fact give the party reasonable support. For example, the Alliance had the support of 4.3 percent of 'employers or managers 10+ employees', 4.2 percent support of 'employers or managers less than 10 employees', and 4.8 percent support of farm owners (Perry and Webster, 1999: p.28).

Amongst those that represented the Alliance in Parliament (1993-2002), there was a strong business and professional background. Jim Anderton often claims to have more business experience than anybody else in Parliament, while other Alliance MPs also had a business or management background: ‘Grant Gillon’s background is in sales and he also ran a clothing retailer. Sandra Lee was involved in a business exporting grapes. Willie Jackson is a former unionist but also managed the Manukau Urban Maori authority for a spell’ (Bedford and Martin, 1999: p.15). Also in the Alliance caucus was a set of lawyers: Matt Robson, Laila Harré and Kevin Campbell, as well as two university lecturers: Phillida Bunkle and Liz Gordon.

**Part Two: Alternative Cleavages**

It is said that the First-Past-the-Post (FPTP) electoral system helped perpetuate the dominance of the socio-economic dimension by encouraging only the strongest cleavage in society to be reflected in the political parties (Barker and McLeay, 2000: p.144). Meanwhile proportional representation electoral systems such as Mixed Member Proportional (MMP) are said to encourage the
development of a party system around additional cleavages to the traditional socio-economic one. On the basis of this, some commentators argued that 'issue dimensions previously suppressed by the unidimensional and bipolar tendencies of FPP would emerge in parliament' under MMP (ibid). Because additional parties would be represented in Parliament, other issue dimensions and cleavages would be fostered or released. In a limited sense this has indeed happened, as the current parties in Parliament increasingly operate along alternatives to the basic socio-economic dimension.

As pointed out in Part One, most political scientists have either argued that New Zealand lacks more than one significant social cleavage or similarly that the economic social cleavage dominates political conflict. This was also the conclusion reached by Brechtel and Kaiser after conducting their 1997 survey of experts. However, when their survey was repeated in 2003 for this thesis, it showed that many additional cleavages are now identified by political scientists. As with the 1997 survey, the 2003 survey asked the experts to locate the parties on the left-right dimension, to state the dimension's importance, but also to name any additional issue dimensions, locating the parties on it, and stating its importance. 75 percent of respondents mentioned additional dimensions, up from 47 percent in 1997. Furthermore, whereas 100 percent of the 1997 respondents judged the economic dimension as the most important (on a five-point scale), by 2003 only 50 percent of respondents characterised the economic dimension as the most significant, with the other 50 percent saying that the alternative cleavages are either just as important or more important.65 These results suggest that the New Zealand party system is increasingly multi-dimensional. This shows that more attention needs to be paid to the alternative cleavages, and in

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65 As pointed out in Chapter Three, when the 1997 respondents estimated the importance of the economic left-right dimension on a five-point scale from 1 (very low importance) to 5 (very high importance), they provided a mean value of 4.0. By contrast, in 2003 the survey found the mean value of the economic left-right dimension had declined to 3.2.
Chapter Four: Cleavages and the Party System

particular, the social basis of those cleavages, which are examined in the following sections.

Geographic Cleavages

New Zealand politics have always been influenced by the spatial cleavages in society. These are seen in two ways: regional cleavages and the urban-rural cleavage. The first involves the political differences between regions in the country, such as the North and South Islands, while the second involves the political differences between those living in cities, towns and rural areas. During the nineteenth century, parliamentary politics were strongly affected by regionalism, but this declined due to the abolition of the provinces in 1876, the establishment of strong political parties after 1890, and increased immigration and internal migration.66 The major parties, however, continued to have a geographical bias in the twentieth century, with Labour being strong in Wellington, Christchurch and the South Island West Coast, while National has been particularly successful in the central North Island. More recently New Zealand First's strongest support base has been in the northern North Island (Mulgan, 1997a: p.275), and in 2002 the Outdoor Recreation Party won 5.4 percent of the party vote in the West Coast-Tasman electorate (despite winning only 1.3 percent nationally). Overall, however, New Zealand now lacks any deep regional divisions. According to Mulgan, the geographical cleavage therefore plays only a very small part in affecting an individual's voting habits (ibid).67

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66 Regional cleavages had been encouraged in the 19th Century by the nature of the scattered settlements and the 'pork-barrel' politics involved. Later, regional loyalties were 'diluted by continuous immigration and internal population movements' and after the 1870s, political sentiment was less regionalised (Robinson, 1967: pp.103-104). According to Lipson, geography has been on the decline as a determinant of New Zealand politics ever since the provinces were abolished in the 19th century (Lipson, 1948: pp.44-45).

67 However, writing in 1979, Levine argued, 'It is important to recognise that there is a strong (and growing) regional basis to New Zealand politics' (Levine, 1979: p.91).
Chapter Four: Cleavages and the Party System

In contrast to the regional aspect of the geographical cleavage, the rural-urban nature of politics is much more important – particularly in the past, with Labour predominating in the mainly urban electorates, and National being more successful in the provinces, rural towns and scattered settlements. RJ Johnston asserts that in New Zealand you can better predict how people will vote by knowing where they live than by knowing what class they are: 'The analysis of the geography of voting suggests that urban-rural and inter-island cleavages have increased during the post-war era.... producing a country that, in electoral terms, is spatially more polarized than ever' (Johnston, 1992: p.47).

It seems likely that the decline in the significance of class as a determinant of voting has meant that the urban-rural geographical cleavage has grown in relative importance in structuring party politics in New Zealand. Electoral geographers Rex Honey and Ross Barnett have gone as far as declaring that at the 1987 general election, 'the rural-urban dimension supplanted the socio-economic one as New Zealand’s pre-eminent voting cleavage' (Honey and Barnett, 1990: p.87). They noted that the 'rural-urban split became even more pronounced', as 'National solidified its margins in the countryside but almost disappeared in the major cities' (Honey and Barnett, 1990: p.87).

Vowles' analysis of NZES survey research from the 1996 general election showed that although the urban-rural cleavage continues to be significant, it is more so for some parties than others. He found that while support for National and the Alliance was evenly spread across the urban and rural categories, the other parties had greater variations in support:

- Labour did a little worse in three main centres and in the provincial cities, but significantly worse in the rural areas. New Zealand First did best in the towns and the rural areas, Act best in the rural areas and significantly worse in the provincial cities and towns (Vowles, 1998d: p.40).

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68 To a degree, the urban-rural cleavage has been a consequence of the class cleavage because rural areas tend to have a large number of employers, due to the fact that most farmers are self-employed.
In terms of geography Act's strongest base of support has been Auckland (Fraser and Zangouropoulos, 1997: p.52). This geographical bias might stem from the fact that the party was formed in Auckland, mainly by Aucklanders. As well as performing well in cities like Auckland, the strongest support for Act was found in rural areas, although the party was also said to have performed 'significantly worse in the provincial cities and towns' (Vowles, 1998d: p.40). According to Act's own interpretation of the election results, while the party 'was strongest in urban areas... [it] also gained a credible share of the rural vote' (Fraser and Zangouropoulos, 1997: p.53).

In the 1999 election campaign it was obvious that the geographical cleavage was a much politicised one, and a pronounced political contest existed between urban and provincial New Zealand. Many political parties, and especially Act, made a strong play for the provincial heartland, as National's former strong grip on it was weakening as the party came to be more perceived of as an urban party. However, at the 2002 election it was National's urban vote that collapsed significantly, while Act continued to do relatively well in metropolitan Auckland rather than rural areas.

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69 Act made 'inroads in the affluent, mainly National-held seats of Auckland. All seven seats where Act gained more than 10 per cent of the party vote were in Auckland' (Luke, 1998c: p.15). While Richard Prebble won the electorate of Wellington Central, in terms of the party vote Act did not do nearly as well.

70 Many commentators suggested that the growing importance and size of urban New Zealand has been pushing National to become an urban-oriented party much like the Australian Liberals, leaving Act to mop up the provincial vote, much like the rural-based rightwing Australian National Party.

71 According to the 2002 Herald-DigiPoll, 'Since the 1999 election, National has lost more than a third of its voting share in Auckland, Hamilton, Wellington and Christchurch... [while] Act confirmed its previous showing as a city party, scoring most strongly in Auckland' (Collins, 2002). In the 2002 general election, National's urban vote collapsed significantly, especially in Auckland, where the number of National voters almost halved from 166,000 to 86,000 (ibid). New Zealand First support is also not so evenly dispersed when it comes to the geographic cleavage. In 1996, according to Vowles, New Zealand First drew 'more on rural electorates, and less from working-class electorates' (Vowles, 1998d: p.33). In that election, 'New Zealand First did best in the towns and the rural areas' (ibid: p.40). See also: Mulgan (1997a: p.275).
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Although it might appear that the geographical cleavage is becoming more significant, this is possibly only in relation to the decline of the class cleavage. It seems likely that these spatial dimensions have in more recent years probably decreased in importance. Certainly the introduction of MMP is likely to have further pushed party politics away from a geographic-orientated nature because the all-important party vote is not geographically-related, and parties are therefore inclined to spend less attention on winning marginal electorates. Instead, social constituencies (such as professionals, trade unions or ethnic groups) are more important to the parties.

Ethnicity

The social cleavage of ethnicity has not been strongly politicised in New Zealand, apart from a significant tendency for Maori to vote for the Labour Party. This was reflected in Labour holding all four Maori electorates between 1943 and 1993. It is also seen in Levine and Robinson's 1975 voter survey which showed that 59 percent of Maori voted for Labour while only 20 percent voted for National (Levine and Robinson, 1976: p.137). However, Labour's grip on Maori loosened in the 1970s and especially after 1979 when Labour's Minister of Maori Affairs, Matiu Rata, resigned and set up rival party Mana Motuhake. Maori electorate support for Labour had been dropping steadily – in 1984 it was 77.6 percent; in 1987 70.9 percent; 1990 65.4 percent; 1993 49.6 percent; 1996: 28.9 percent; but in 1999 it rose again to 48.9 percent (Sullivan and Vowles, 1998: p.173). Taking into account those Maori not voting, by 1996 Labour received only about 20 percent of Maori support (Ganley, 1998: p.13). Significantly, throughout the 1990s Maori non-voting has actually been higher than the vote for any particularly party. By 2002 turnout in the Maori seats dropped to a remarkably low 54.4 percent (Collins, 2002).  

72 Between 1990 and 1999 non-voting amongst Maori was 41.5%, 37.4%, 27.3% and 34.3% respectively (Sullivan and Vowles, 1998: p.173; Sullivan and Margaritis, 2002: p.67). This means that in the 1999 election, despite Labour winning all six Maori electorates, only about 32 percent of those on the Maori
below 50 percent if examining participation out of those Maori eligible to enrol to instead of out of those who did in fact enrol.

Driving a wedge between Labour and Maori was the emergence of the nationalist New Zealand First in the early-1990s. In 1993, Tau Henare captured Northern Maori for New Zealand First, and three years later all five Maori seats went to New Zealand First. Labour won the seats back in 1999. But even after New Zealand First lost its ‘tight five’ Maori electorate MPs, the party has continued to be popular with Maori. In 2002 the party won 15 percent of the party vote in the Maori electorates (second to Labour).

The traditional link between Maori voters and Labour is partly related to the association between the Ratana church and the party. This tie goes back to 1935 when Labour leader Michael Joseph Savage struck an alliance with Tahupotiki Wiremu Ratana and his church. But Labour’s link with Maori is also related to the fact that the vast majority of Maori inhabit lower socio-economic positions in society. In this sense this apparent ethnic cleavage has been strongly class-related. The tradition of voting Labour was established due to the simple logic of voting for a party that purportedly represented the interests of the poor.73 Likewise, Pacific Island New Zealanders have been overwhelmingly working class and have also voted disproportionately in favour of Labour. However, now that this voting habit has been established, Maori and Pacific Island support for Labour is no longer simply due to this class background, but has become strongly reflective of a sense of ethnic loyalty.74 Recent changes in the class-electoral roll chose Labour. Note that turnout is defined here as a percentage of those on the electoral roll – as opposed to elsewhere in this thesis where it is defined as a percentage of eligible voters.

73 Mitchell has also explained the social influences on New Zealand politics in the 1960s, saying, ‘Ethnic factors are largely absent. Though new migrants and Maoris are both more strongly Labour than the rest of the community, this is in the main a reflection of their social position’ (1969: p.30). See also: Sullivan and Margaritis (2002: p.66),

74 Mulgan (1997a), points out, ‘Maori and Pacific Islanders support for Labour is not just a consequence of the fact that they are disproportionately members of the lower socio-economic groups. Even when class factors are held constant, a Maori or Pacific Islander has been more likely to vote Labour than has been a
ethnicity structure of society — and in particular the emergence of a significant Maori middle class — mean that although Maori continue to be found mostly in the working class that still vote for Labour, there has also been a growing Maori middle class that vote for other parties on the right. This is reflected in recent parliaments by a number of Maori representing parties on the right such as National (Georgina Te Huhu), Act (Donna Awatere-Huata), and New Zealand First (Tau Henare, Rana Waitai, Tuku Morgan, Tuariki John Delamere, Tu Wylie, Winston Peters, Jim Peters, Ron Mark). The Green Party also performed very well in the Maori electorates in 2002 (winning 10 percent of the party vote there), mainly by winning the support of middle class Maori.\(^{75}\)

Asian voters have never played a significant role in New Zealand politics, yet now comprise seven percent of the population. Asian-New Zealand voters are said to be significantly attached to the right of the political spectrum, and Gustafson claims that in 1996 ‘over 90 per cent of Chinese voters supported National’ (Gustafson, 1997c: p.145).\(^{76}\) In 1996 the National Party delivered the first ever Asian-New Zealand MP to Parliament, Pansy Wong. In 2002, a second Asian-New Zealander, Ashraf Choudhary was elected, this time for Labour.

Generally the elite of the political parties has become somewhat more ethnically diverse. Across most of the parties there has been an increase in the proportion of Maori election candidates, which is mainly due to the operation of the party lists. Since the introduction of MMP, the number of Maori MPs has also

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\(^{75}\) According to the research of Sullivan and Margaritis based on NZES data, the Greens found Maori support amongst those ‘more likely to be in comfortable economic circumstances, living in households with incomes between $30,000 and $70,000’ (Sullivan and Margaritis, 2002: p.79).

\(^{76}\) In a Herald-DigiPoll with a high margin of error for Asian voting, National was actually ‘third among Chinese voters with 23.1 per cent, despite having the only Chinese MP, Pansy Wong. Labour and Act each won 38.5 per cent of Chinese voters in the poll’ (Collins, 2002).
increased from six in 1993 to 19 in 2002. Similarly, there are now more candidates of Pacific Islands and Asian origins.

Although the ethnic cleavage has been heavily overshadowed by the economic left-right dimension, in recent years – especially since the introduction of MMP – a number of political analysts have suggested that the Maori-Pakeha ethnic cleavage is growing in significance and could lead to the establishment of a viable ethnic-based party. So far all the ethnic-based parties that have attempted to get elected to Parliament under their own name have failed. These include Maori-based parties like Mana Motuhake (established 1980), Mana Maori (registered 1996), Mana Wahine Te Ira Tangata (established 1998), Piri Wiri Tua, Te Tawharau (registered 1999), and Mauri Pacific (registered 1999). The failure of all these parties suggests that the ethnic cleavage remains weak. Holding back such a development is the apparent desire of most of those in ethnic minority groups such as Maori to be represented by a mainstream non-ethnic party. Successful minor parties have attempted to compete on ethnic cleavage, such as New Zealand First.

Gender Cleavage

The gender cleavage in New Zealand society plays only a small role in party politics. Few political parties or candidates campaign on gender issues, and it

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77 After the 2002 election, New Zealand First had the highest proportion of Maori MPS: 6 out of 13, Labour 10 of 52, Greens 1 of 9, Act 1 of 9, National 1 of 27 and both the United Future and Progressive Coalition had no Maori MPs.
78 See: Miller (1997a), and Nagel (1994b).
79 As Sullivan and Margaritis point out, 'Mauri Pacific professed to represent peoples of the Pacific, but was essentially viewed as a Maori party' (2002: p.75).
81 United New Zealand also actively pursued the votes of ethnic minorities in 1999 after merging with the Ethnic Minority Party, and becoming 'sufficiently convinced of possible strong support for the party in these ethnic communities' (Stonyer, 2000: p.62). The United Party chose a high number of candidates from ethnic minorities to stand for it in 1999 – their 23 candidates were made up of ten different nationalities (ibid).
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appears unlikely that this social cleavage will become sufficiently politicised to
make viable the establishment of a gender-specific political party. Most political
parties do, however, have gender specific policies, some of which probably
reflect an attempt to target the gender cleavage. For example, in government the
Alliance pushed policies like Paid Parental Leave. Similarly in the 1980s the
Fourth Labour Government set up the Ministry of Women's Affairs and passed
the Pay Equity Act. Certainly Labour has been more attractive to women than
men in recent years. For example, according to Levine and Roberts' survey
research, in 1996 Labour obtaining 61 percent of their support from women
(Levine and Roberts, 1997). Analysis of NZES data for 1999 by Vowles showed
that women were 9 percent more likely than men to vote Labour (Vowles, 2002d:
p.93). Likewise, according to a Herald-DigiPoll survey at the end of the 2002
election campaign, Labour had the support of 45 percent of women, but only 32
percent of men (Collins, 2002).

Correspondingly, on the right flank of the political spectrum, it was male voters
who dominated – Act's 1996 support was very heavily biased towards men, with
men making up 84 percent of the its vote (Levine and Roberts, 1997). In 1999

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82 In the transition to MMP a women's party was created and momentarily obtained some national
prominence, but was never heard of again. Then in 1999 Alliance-defector Alamein Kopu set up the short-
lived Mana Wahine Te Ira Tangata, which was a party aimed at Maori women.
83 Mulgan, however, has commented that Labour's gender strategies in 1990 'appear to have had little
84 However, Labour's strength in attracting the votes of women was largely a negative phenomenon: 'The
increasing Labour gender gap is the result not of increased female support for Labour, but rather of two
dramatic slides in male support for Labour from 1987 to 1990, and from 1993 to 1996. Female support for
Labour also slipped over the same period, almost as much as men's from 1987 to 1990, but much less
85 Traditionally, however, there has been a moderate gender split in New Zealand voting behaviour, with
females voting more conservatively than males. For example, Levine and Robinson's 1975 voter survey
showed that women made up 55 percent of National's vote, whereas women voters made up only 46
percent of Labour's support and only 45 percent of the Values party vote (Levine and Robinson, 1976:
p.131). The same survey also found that National had the support of 57 percent of 'housewives' (ibid:
p.139).
the party's gender support was still heavily weighted towards males, but had improved significantly. According to Vowles, in 1999 Act had 'a 9 per cent vote among men but only 3 per cent among women' (Vowles, 2002d: pp.93-94).\(^8^6\) Although the gender cleavage is relatively insignificant, Vowles noted that because ‘women were 9 per cent more likely to vote Labour than men’ ‘this gender effect is likely to be as strong, if not stronger, than class’ (ibid: p.93). But for the rest of the parties, support appears to be gender neutral – with National, the Alliance and New Zealand First all obtaining a relatively even shares of votes from men and women in 1996 (Bain, 4 Dec 1996: p.2).\(^8^7\)

Compared with other legislatures around the world, the New Zealand Parliament has a high proportion of women parliamentarians. The number of women representatives has also increased under MMP; the party lists have increased the number of female MPs from 21 (out of a 99 MP Parliament) in 1993, to 34 (out of a 120 MP Parliament) in 2002. The gender split varies greatly across the parties, and after the 2002 general election Act and the Green Party had the highest proportion of women MPs at 44 percent each. Labour had 35 percent, National 22 percent, United Future 13 percent; New Zealand First 7 percent and the Progressive Coalition no women MPs. The memberships of both main parties have tended to be made up equally of both sexes. According to Alan Ware, the approximate proportion of party members who are women in the Labour Party is 52 percent, and in the National Party, 50 percent (Ware, 1996: p.82).\(^8^8\)

\(^8^6\) Alternatively, Nicola Reid reported that while 7 percent of men voted Act, only 4 percent of women did (Reid, 2001: p.266).

\(^8^7\) In 2002 United Future’s voter support was slightly biased towards women. According to a Herald-DigiPoll survey at the end of the 2002 election campaign, the party won 6.2 percent support from women but only 4.6 percent from men (Collins, 2002).

\(^8^8\) This compares very favourably to all other western European countries where a much lower proportion of women is involved. For example, the female proportion of party members at the national level in Sweden is 30 percent, France 35 percent, Germany 30 percent, Italy 27 percent, and in Britain 42 percent (Widfeldt, 1995: p.155).
Age Cleavage

The age cleavage has become increasingly politicised since the 1980s, as parties increasingly campaign on age-related issues, and thus differences between age groups have become relatively more important in New Zealand electoral behaviour. There is now a discernable political fracture between young and old, and for many commentators this age axis has become a significant factor in explaining modern New Zealand politics.89

Interestingly, the largest group of youth are now actually non-voters. Analysing NZES data, Vowles has found that non-voting in 1999 was over twice as likely among the youngest age group than the average for all the age groups (Vowles, 2002d: p.94). After non-voters, the next biggest bloc of young voters goes to the Green Party. The Greens have campaigned particularly strongly for the youth vote, and there is now a definite age-bias to Green Party support, with 84 percent of Green voters being under 40. As well as this, the party's own 2002 research showed that 25 percent of 19 and 20-year-olds supported the Greens (Laxon, 2002). According to the 2002 Herald-DigiPoll, the party had 19 percent support from the under-40s but the support of only six percent of those over 40 (and even this support is very strongly concentrated in the 50-60 'Values generation' age group) (Laxon, 2002).90

89 Colin James is the greatest advocate of a generation-orientated understanding of New Zealand politics, suggesting the existence of a philosophical divide between the generations and arguing that there are three parts in the age electorate that constitute three different ways of looking at the world: 'The over-55s, a quarter of the electorate, are from Sir Robert Muldoon's time... The under-30's, also a quarter of the electorate, have lived all their adult life under Rogernomics... Inbetween are those who made — or were dragged into — the switch or who were following close behind' (James, 27 Sep 1996e).

90 According to Tim Bale, who has studied the Greens, the party's 'core support is young people, either in tertiary education or just out of it' (quoted in Laxon, 2002). In postwar New Zealand youth have traditionally voted in greater numbers for parties of the left and correspondingly the elderly have voted conservatively. For example, in Levine and Robinson's 1975 voter survey, the liberal-leftist Values Party obtained over 60 percent of its votes from persons under the age of 30 years, compared to National's 31 percent support and Labour's 30 percent (Levine and Robinson, 1976: p.135).
After the Greens, it is the parties of the right that often appeal most strongly to youth. In 1993, the National Party made a significant shift to targeting the youth vote.\footnote{Internal party polling showed that National's strongest voting block was in the 25-29 age group. According to senior National MP, Roger Sowry, 'There's now a constituency there for the party that has not been there in the 10 years I've been involved..... That age group has traditionally stayed well away from the National Party' (quoted in Morrison, 28 Aug 1993: p.11). MP Nick Smith also maintained that National was 'in a unique position of becoming the natural party for the under-30s voter' (quoted in Munro, 2 Aug 1993: p.2).} The success of this strategy was evidenced in 1996 when 'National did best among young voters' (Vowles, 1998d: p.35). According to Robert Mannion, 'more than 40 per cent of 18-29-year-olds supported National. Moreover, young voters were the single most enthusiastic block for Jim Bolger' (Mannion, 1996b: p.9).\footnote{Similarly, Act did best in 1996 'among the 35-44 and 45-54 age groups' (Vowlesd, 1998: p.35).}

In contrast, according to Vowles, 'New Zealand First and Labour voters tended to be significantly older than average. In both cases, the probability of voting Labour or New Zealand First increased about 2 per cent for each 10 years of age' (Vowles, 1998d: p.35). According to a NBR-HP 2002 poll, although Labour had an overall 47 percent support, among the under-30 age group it was only 37 percent but among people aged over 60 Labour had the support of 53 percent (Hill Cone, 2002). In 2002 a survey showed that New Zealand First had the support of 16 percent of the over-60s (Collins, 2002).\footnote{In 2002 United Future's voter support was slightly biased towards older voters. According to the Herald-DigiPoll survey at the end of the 2002 election campaign, United Future won only 4.3 percent support among the under-40s, the support of 6.6 percent of the middle-aged (40-59), and 5.7 percent of the elderly (60+) (Collins, 2002).}

The Alliance, too, took the majority of its support from the older parts of the electorate, and together with New Zealand First, at their peak they received half their support from people who were retired (Mannion, 1996a).

Regardless of class, the older generations are now voting for parties which they perceive will look after their material interests. Part of the explanation is also that
the grey-power generation have moved their support away from National because that party broke its promise on the superannuation surtax and also reduced pension entitlements. Superannuation has thus become a significant political issue. The ageing nature of the population means the issues of the 'aged' are now politically important.

The relationship of the Greens and National with youth, and New Zealand First and Labour with the elderly, suggests the age cleavage has been incorporated into the current party system, but that this dimension is not entirely consistent with the traditional class cleavage. It appears very unlikely that any party will successfully rise to contest elections on the age dimension of conflict.94

**Religious Cleavage**

The significance of the religious cleavage in New Zealand was demonstrated in 2002 when the Christian-oriented United Future party was elected to Parliament with 6.7 percent of the party vote. Six years earlier, the Christian Coalition won 4.3 percent of the party vote (falling just short of entering the first MMP Parliament). These performances suggest the existence of a reasonable-sized Christian voter base in New Zealand. Yet the religious cleavage has historically played a relatively small part in New Zealand politics. Its main expression has been in the tendency for Catholics to vote Labour and for Anglicans and other Protestant denominations to support National:

Historically, the two main political parties in New Zealand have drawn from two religious streams. The Catholic, Salvation Army and Baptist churches – reflecting their base in the Welsh and Irish migrant working class – were aligned first with the Liberals, then with the Labour Party. The conservative right, as political scientist Barry Gustafson says, drew spiritual solace from elsewhere. "Presbyterians and Anglicans by and large

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94 In the transition to MMP, a party, the New Zealand Superannuitants and Youth Action, was established to represent youth and the elderly, but failed to make an impact.
supported the more conservative parties. The Reform Party that evolved into the National Party was violently anti-Catholic' (Campbell, 1998c).95 Mulgan maintains that in the modern New Zealand party system, ‘Support for one religion or religious denomination rather than another is not reflected in political allegiance, with the minor exception of a slight tendency for Roman Catholics to prefer Labour’ (Mulgan, 1997a: p.275). There has also been a tendency for church-goers in general to vote National or New Zealand First, and those with no religious affiliation to vote Labour or the Alliance (ibid).96

As explored in the following chapter, the alignments between the mainstream parties and the churches are also generally very weak. Neither National nor Labour are heavily influenced by the formal involvement of religious party members, and only United Future and Christian Heritage have any significant links with religious organisations.97 The more morally conservative Christian Heritage Party is somewhat identified with the ‘reformed churches’ – an ‘alignment’ that led to the establishment of the rival Christian Democrats in May 1995 (Boston et al., 1996b: p.51).98 In general the decline of mainstream

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95 Levine has suggested that the tendency of Catholics to vote Labour ‘may have been attributable to their working-class position’ and is therefore actually a consequence of the class cleavage (Levine, 1979: p.89).
97 One of the major party components of United Future, the Future New Zealand party was established with the target of securing the votes of conservative Catholics and Pacific Islanders (Boston et al., 1996b: p.51). Party founder, Graeme Lee established the organisation in 1995 after moving ‘around the country building up the network of Christian leaders and businessmen that was to form the core of the new party’ (Heeringa, 1995: p.83).
established religions has had an impact on the right of the political spectrum – helping drain parties like National of its ideological substance.

**Postmaterialist Cleavage**

Increasingly it is argued that politics in industrialised democracies is based around a set of issues that do not directly relate to the traditional class-economic-materialist left-right cleavage, but which fit broadly into a postmaterialist cleavage, in that they are not concerned with the struggle for material security (as seen in conflicts over income, tax, state social support and so forth). This rather amorphous and contested concept is strongly associated with Ronald Inglehart (1990; 1997), who argues that a 'culture shift' has occurred in the West, and voters now have changing priorities. Postmaterialist values – or 'new politics' – will increasingly dominate and reshape politics, Inglehart argues, due to the decline of economic deprivation. Significantly, this new political cleavage of postmaterialism is characterised by identity, values, culture and psychology rather than social background. Rather than being understood by the polarities of left and right, the terms of liberal and conservative are more useful. In being about issues, this dimension still relates to – and incorporates – many of the 'alternative cleavages' outlined above. Issues relating to ethnic culture, gender discrimination, policies on age and so forth are more often postmaterialist in nature rather than materialist. In fact, according to Lipset, this postmaterialist political cleavage has grown in significance with the decline of social cleavages:

Cleavages linked to social stratification are no longer the main correlates of a party's position on the left or right of the political spectrum. Issues revolving around morality, abortion, 'family values,' civil rights, gender equality, multiculturalism, immigration, crime and punishment, foreign policy, and supranational communities push individuals and groups in directions that are independent of their socioeconomic position (Lipset, 2001: p.62).

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99 Between the 1991 and 1996 censuses, religious denominations fell significantly – with declines for Anglicans of 100,284; Presbyterians, 82,761; Catholics, 25,500; Methodists, 17,844; Baptists, 16,542; and Ratana, 11,142 (Department of Statistics, 2000).
Lipset points out that the postmaterialist cleavage has not been incorporated into the existing class dimension of conflict, and as such is not simply a reflection of a social cleavage. Postmaterialist issues — for example, abortion or state censorship — often crosscut social cleavages rather than reinforce them. Nonetheless, there has been some congruence between the parties of the left and certain postmaterialist values:

The parties of the left in New Zealand have emphasised similar postmaterialist themes, as well as being associated with liberal stances such as the anti-nuclear legislation, anti-racism, ‘softer’ policies on crime, human rights, and prostitution law reform. Meanwhile, the parties of the right have often taken up what might be called the ‘conservative’ side of the postmaterialist cleavage, but this has occurred far less uniformly or consistently. In many ways the liberals of the postmaterialist cleavage have won most of the arguments on postmaterialist issues, just as the right-wing have generally won the arguments on materialist issues — leading to a consensus that is economically right-wing and socially liberal. As this cleavage becomes more politicised there appears to be pressure on the parties to incorporate postmaterialist issues into the traditional left-right dimension, but this is only ever partially successful.

In New Zealand there has been some acknowledgement that this kind of postmaterialist cleavage increasingly affects party politics. For instance, Barker and McLeay believe that a secondary issue dimension already configures

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101 A different view is put forward by Berman, who argues, ‘The troubles mainstream parties faced during the 1970s, therefore, were best understood as political fallout from this broad shift in values; social democratic and labour parties were hit the hardest because many postmaterialists felt themselves to be on the left but did not share the traditional left’s materialist agenda’ (Berman, 1997: p.102).
modern New Zealand politics (Barker and McLeay, 2000: p.145). Colin James argues that with the decline of the class cleavage, politics is now 'as much a state of mind as a position in society. Politics these days are psycho-social as much as socioeconomic' (James, 10 Nov 1999f). He says 'The old "cleavage" between bosses and workers, white collar and blue collar, is now cut across by other dividing lines on such matters as morals, the environment, feminism and Maori rights' (ibid). Some have written about the rise of identity politics, suggesting that this dimension is displacing the economic conflict. For instance, sociologists David Thorns and Charles Sedgwick say that, 'The politics of the 1980s were increasingly about the issue of identity rather than class. The key groups were women, Maori, peace activists, environmentality, gay rights groups, unemployed rights and libertarians rather than class-based organisations' (Thorns and Sedgwick, 1998: p.181). Others have identified the rise of 'new politics'. For example, in his election manifesto content analysis, Matthew Gibbons found that 'there are some new politics issues such as the environment and multiculturalism that have become more important since the late 1960s' (Gibbons, 1997: p.16). However, overall he concluded that:

content analysis provides few indications that a new politics cleavage is developing in New Zealand politics. Although some postmaterialist issues such as the Environment have been emphasised more in election manifestos, there has usually been a consensus between the main parties on their importance (Gibbons, 1997: p.16).

The weakening of social cleavages has opened the way for the development of this postmaterialist cleavage. It seems that one result of the decline of the traditional class cleavage is that the parties have to find alternative cleavages (or enemies) to define themselves against, thus other issues become more central. Therefore, on the right, communism (or at least 'creeping socialism') has been replaced by issues like crime and immigration as the prime generator of public paranoia. On the left, issues of economic inequality are increasingly replaced by issues that relate to 'quality of life', such as the environment or cultural diversity.
Whereas most of the 'alternative' political dimensions discussed in this section reflect social cleavages, the postmaterialist dimension represents a political cleavage without any substantial social base. It seems that in the absence of a strong social cleavage, parties now need to find other political cleavages on which to compete, and the most obvious one is values. Act picked up on this in the mid-1990s, with the slogan, 'Values. Not politics'. The increase in the significance of this cleavage, and the decline of traditional social cleavages signals the decline of politics, as structured by social division.

Part Three: Implications of the Low Influence of Social Cleavages

Part One of this chapter has shown that the relevance of the class cleavage has declined for party politics in New Zealand. Part Two examined the 'alternative' social cleavages and found that relative to the class cleavage many cleavages based on social groups have become more significant, but that largely these dimensions remain weak. No political parties have succeeded by competing purely on any of these social cleavages. All the parties have, however, increasingly used the political cleavage of postmaterialist issues and values to define themselves. This section looks at the implications of the declining influence of the class cleavage as well as the failure of alternative social cleavages to replace it.

In general, the detachment of party politics from social cleavages contributes to a number of negative aspects in the party system, such as the increased volatility in party politics (both in terms of party ideology and voter behaviour), and the increasingly 'superficial' nature of political conflict. Even more crucially, it plays a central role in the ideological erosion of the parties, encouraging increased office-seeking behaviour, as well as greater centripetal competition. These effects are outlined below.
Increased Volatility

The decline in the salience of social class contributes to ideological volatility because without the presence of class anchors, each party's programme relates more fluidly to broad attitudes within the community. Therefore, the fact that so many modern political parties are so 'ideologically slippery' cannot simply be explained by the personal office-seeking behaviour (or opportunism) of their leaders, but should also be seen as a reflection of the parties' unstable and contradictory support bases. Given that the parties are built on the foundations of social cleavages, then the transformation in the character of these social groupings and their declining electoral relationship to political parties is likely to make politics more fluid, leading to different kinds of appeals, styles of leadership, different tensions within party organisations, and of course fluctuations in policy. The decline in politicisation of social cleavages is also related to increased voter volatility and general declines in electoral participation. David Denver has argued that voter volatility increases in tandem with decreasing party alignments:

Strong party identification acted like an anchor, binding the voter securely to his or her party and thus ensuring stability in party support over lengthy periods (and a lifetime in many cases). When the anchor is loosened the voter is likely to drift on the electoral sea being pushed backwards and forwards by temporary prevailing winds. Electoral volatility increases and stability decreases (Denver, 1996: p.177).

In New Zealand voter ties to a particular party are disappearing (this topic is examined in further detail in Chapter Ten). Such loyalty to a party brand used to be based largely upon the class cleavage, which meant that in the 1960s, one survey suggested that 79 per cent of voters for Labour and 71 per cent of voters for National had never voted for any other party (Mitchell, 1962d: pp.196-197).

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103 See also: Kemp, who argues, 'The stability of the parties has depended, probably to a significant extent, on the stability of their traditional bases of support. As these diminish, the result must be to introduce new elements of instability into the party system — first of all creating new problems of internal management for the party leaders, and possibly also the conditions for future party fragmentation' (Kemp, 1978: p.359).
This stability eroded in the late-1970s when, according to James, ‘the percentage who had voted the same party through just three elections had dropped to 45 per cent’ (James, 2002f).

**Increase in Non-Ideological Factors**

That class and structural factors were formerly so vital to New Zealand politics was reflected in the fact that personalities, trivial issues, and parliamentary scandals traditionally played only a very limited role in structuring and configuring the way politics operates. Commenting on pre-1975 politics, John Roberts argued, ‘Political opinion, backed by the evidence of the polls, suggests that the predominant influence on political behaviour is party allegiance. The personalities of candidates and leaders run a very distant second’ (Roberts, 1978: p.93). Similarly, writing in 1967, when New Zealand politics was still largely structured around class, Robinson argued that this class-focus inhibited the importance of personality politics: ‘The dominance in New Zealand elections of mass parties linked with occupational interests is reflected in the unimportance of local personalities and issues in determining election results’ (Robinson, 1967: p.111). If Robinson was correct, then the logical corollary of the decline of ‘mass parties linked with occupational interests’ is an increased importance of personalities in politics. In the absence of social cleavages in party politics – fewer sociological phenomena are influencing voting behaviour – so-called ‘issue voting’ is now more important than ever. Certainly in the political science literature there is a belief that the influence of issues on voting is greater in periods of class dealignment. Voters are now said to be more likely to choose parties on the basis of party policy and contemporary issues. More than ever, voters are now believed to conform to the Downsian model of voting – they consider their position on issues and then vote for the party which offers the closest match. However, this shift also means that electors make up their minds on the basis of trivialities such as leadership charisma, parliamentary scandals and so forth.

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Therefore, rather than increasing the salience of issues-based politics, the decreasing relevance of any social base in New Zealand politics is likely to be responsible for the increasing personality-driven politics of the modern age.

Many political commentators have observed how the less coherent and structured nature of contemporary politics has led to an increased attention on personality and leadership in New Zealand politics. This is especially the case in election campaigns, where the focus of voter interest, media coverage, and party marketing has shifted a great deal towards party leaders. Ruth Laugesen, for example, has written how, 'With parties and policies in this tangled, overlapping state, a befuddled electorate is bound to be drawn to the simpler issues of personality and leadership' (Laugesen, 1996b: p.2). This increased focus on leadership is especially the case for the newer and smaller parties due to their undeveloped social bases:

In particular, electoral support for new parties which have not yet established strong social roots in the community is likely to be especially dependent on the public profile of their leaders. Thus, the success of the Alliance and New Zealand First was closely linked to the popularity of their leaders (Mulgan, 1997a: p.281).

Without the political parties representing the interests of various social groups, there is little delineation between the various shades of mainstream party opinion, and thus ideological differences disappear. Instead, MPs appear as 'personalities' rather than as representatives of counterpoised political programmes. Without a social cleavage influencing party competition, there is little pressure on politicians to act in the clear-cut interests of any distinct class in society. With all sides competing to appeal to the nebulous no-man's land of 'statistical politics' where the electorate only exists in as far as the latest opinion poll describes it, there has been a noticeable tendency for politicians and parties to withdraw from contentious issues and policies, and for politics in general to become bland and superficial (Welch, 1998: p.694).

Ideological Erosion

The detachment of political parties from their social constituencies has obviously resulted in a reduction of pressure on political parties to act on behalf of particular social groups. Gold has argued that the weakening social cleavages mean that governments and parties can afford to be less sensitive to certain societal interests:

If voters have become less attentive to certain group differences (occupational class for example), governments can afford to be less sensitive to these differences as well. Policies previously ruled out because of the group antagonisms they threatened to arouse can now become much more acceptable..., policies such as income and wealth redistribution, that may have been pursued in response to group demands or in order to contain group antagonisms, can now be given a lesser priority, since their electoral payoff diminishes once group factors bear less and less on partisanship (Gold, 1989: p.420).

This was also the conclusion of Jack Vowles and Ian McAllister in their study of the neo-liberal reforms carried out by the Australian and New Zealand Labour parties in the 1980s. In this they show that it was the detachment of the parties from their working class bases of support that, in part, enabled the reforms to be adopted:

These declining numbers of voters within the core support groups for the two parties was therefore one factor facilitating the adoption of deregulatory policies. Nevertheless, such a strategy could only have been adopted if there was a widespread belief that the electoral consequences would not be disastrous. As it happened, the party elites had grounds for discounting any possible adverse electoral consequences. In both countries... a process of detachment or dealignment had been under way in which the major political parties had become progressively more diverse in their sources of electoral support and less dependent upon the support of their traditional social groups (Vowles and McAllister, 1996: pp.194-195).

Vowles and McAllister found that, when compared to the 1960s and 1970s, electoral constraints on policy innovation in the 1980s had weakened, and that compared to its Australian counterpart the New Zealand Labour Party was even 'freer to break away from its traditional social moorings' and carry out non-traditional policy innovations (Vowles and McAllister, 1996: p.200). Likewise, according to Honey and Barnett, Labour in the 1980s could afford to restructure
industries such as forestry and mining, thereby alienating its voter support in areas because the new fluidness of the class cleavage meant that the party could consequently pick up 'support from the economic elite of the upper income suburbs' (Honey and Barnett, 1990: p.92). Miller also argues that this decline in class pressure has had a significant effect, encouraging Labour in the 1990s 'to modify its taxation and social spending priorities with a view to broadening its appeal among middle-income voters' (Miller, 2001: p.236).

National's situation has been similar. Between 1975 and 1984, class dealignment allowed – or encouraged – the Muldoon National Government to attempt to keep the postwar social democratic consensus and welfare state intact. When back in government in the 1990s, National first abandoned its core supporters' expectations when it refused to abolish the national superannuation surcharge as it had promised. Then National essentially halted the neo-liberal reform process after only one term, thus going against the demands of its traditional middle class, farming and business constituencies.

This is not to suggest that the parties' support bases no longer have any consequences for the parties. Their traditional class moorings do still playa role in the policies that parties choose and governments pursue. For example, when the Fourth Labour Government came to office 'Few cabinet ministers seriously supported their Government's reimposition of compulsory trade union membership... but most believed it was "a price which had to be paid" to a key constituency' (Walker, 1989: p.221). Labour refrained from extending the neo-liberal reforms into other areas such as the labour market for the same reasons. In contrast, the sequencing of their neo-liberal reforms meant that farmers were the first group in society to have their state subsidies cut. Similarly, when the Fourth National Government found itself in financial troubles after taking office in 1990, it chose to cut expenditure amongst Labour's constituency rather than its own. Richardson's cuts in public expenditure fell hardest on beneficiaries because they were calculated to be relatively less damaging to National in
electoral terms as few beneficiaries were thought to vote for the party.\textsuperscript{106} Likewise, in implementing the Employment Contracts Act – legislation that tilted industrial relations in favour of employers – the National Government did not risk alienating its traditional support base. Such examples represent the typical way that politics used to operate, but can perhaps now be regarded as exceptions to the rule. The fact that all the parties can adopt or implement policies that impact negatively on their traditional or supposed supporters reflects the fact that such political parties are no longer critically reliant on such constituencies.

The decline of class conflict discussed in Part One means that the distinctiveness (or sense of separateness) of parties is less and less apparent. And as they all share more and more characteristics, the various parties are finding themselves sharing the same electoral market (Mair, 1997: p.135). This decline in societal class conflict has reduced pressure on the parties, allowing convergence in the political styles of politicians and parties. Having been shorn of their close relationships with social groups, parties are now behaving more in terms of Anthony Downs’ abstract model of maximising political party behaviour which takes no real account of politicised social cleavages. Instead, in this model, each party aims to win the middle ground support, and therefore parties increasingly adopt similar programmes or borrow electorally popular ideas from each other. Each party’s support is fluidly related to broad attitudes within the community, rather than resting on a firm social base.

Arguably, this decline in the class nature of the parties also depoliticises politics. It is in this context that technocratic and managerial forces prevail. This is an argument made by sociologist Kevin Clements:

\begin{quote}
While some commentators applaud this as a sign that we are moving into a post-industrial society where all problems are defined in technical terms and politics becomes irrelevant… in the short term, such a move does increase the power of...
\end{quote}

\textsuperscript{106} See: Trotter (21 Jul 1999d). Interestingly, in the 2002 election, the National Party abandoned its ‘market rents’ policy on state housing, in an obvious attempt to appeal to beneficiaries.
permanent technocrats within the public service and in the long term raises fundamental questions about the essential differences between New Zealand political parties. If parties do not represent specific class interests then their role will become increasingly irrelevant since they will begin to converge on all major issues (Clements, 1982: p.159).  

Clements, who was writing in 1982, cited the growing influence of the technocrats in the political systems of other countries, and pointed out that where they dominated, political parties had 'become a meaningless irrelevance, democratic processes are threatened and eventually undermined. In these situations, major corporations shape the economic policies of government safe in the knowledge that they are unlikely to be put to a democratic test' (Clements, 1982: p.164). Noting that in New Zealand the Labour Party was pursing an increasingly class-less strategy and predominantly selecting candidates that Clements described as 'middle class professionals with technical expertise' or 'technocrats', he forewarned that possibility of a Labour government restructuring the economy in favour of the wealthy: 'Unless the Labour Party pursues a deliberate policy of ensuring that its technical experts serve the interests of the weakest rather than the strongest groups in New Zealand, then technical elites will exert a profound influence over the allocation of scarce New Zealand resources' (ibid: p.159, 160).

A decade after that reform process ended, the result of the declining politicisation of social cleavages is now a sort of ideological stalemate. While such pragmatic tendencies certainly existed before, only now has the declining influence of social cleavages helped to create a situation in which these tendencies can exercise a decisive influence over the parties. Quite simply, without a politicised societal cleavage to encourage rivalry on this dimension between parties, the parties are allowed to slip into the tendency towards office-seeking behaviour and ideological convergence – as assumed in the Downsian model. It is not surprising therefore that Chapter Three found that the policies and ideologies of the parties now overlap, leaving an absence of any sharp boundaries. This all

\(^1\)\(^{07}\) See: Downs (1957: pp.96-114).
adds to the increasingly meaninglessness of party labels and the old left-right dichotomy.

Conclusion

This chapter has detailed one way in which the New Zealand parties are becoming less connected with civil society. The social constituencies are clearly being detached from the parties. This is because of the declining influence of class (in particular) and social structure (more generally) in shaping voting behaviour. And while class has become less important in New Zealand party politics, it is significant that there has been no alternative social cleavage emerging to configure and shape the party system.

The decline of social cleavages has had a number of ramifications that relate to the changes in political competition discussed in Chapter Three. The effect of these trends, and of the changing perceptions of political interest which accompany them, is to produce the phenomenon of convergence in political behaviour among parties and individuals on different sides of the old cleavage systems. This is in line with Otto Kirchheimer's view in the 1960s that the changing nature of political parties is due to the erosion of traditional social boundaries. With the weakening of social cleavages that previously underpinned stable party systems, parties have been looking to attract voters from whatever social groups they can. Changes in party systems have therefore become possible as appeals based on social attachment and loyalty to particular parties have broken down. These once-strong alignments meant that parties enjoyed very strong identities and constituencies, which encouraged a policy-pursuing orientation. In 2003 the strength of this relationship is much reduced. Parties now find it increasingly difficult to maintain a separate identity and their constituencies are much more diverse and fickle in their support. There is little pressure for parties to pursue policy and retain any strong distinctiveness.
The decline of social cleavages also means that the ability of parties to plausibly articulate the interests of civil society and its citizens is up for question. Chapter One argued that New Zealand political parties are losing their ability to structure issues, and represent and aggregate societal interests. This chapter has pointed out that this comes out of the erosion of cleavage politics and the consequent weakening of linkages that parties have with social groups. This is an issue elaborated on in following chapters. The continued breakdown of the socio-economic framework has therefore both produced and continued to epitomise a new era of politics in New Zealand. In this era the old bipolar support bases and processes have been eroded and are replaced by an emerging, but weak, postmaterialist cleavage. Yet Brechtel and Kaiser point out, 'postmaterialist issues continue to be interpreted in terms of the traditional left-right dimension' (Brechtel and Kaiser, 1999: p.24). This chapter has argued that this cleavage is actually an entirely different one to the traditional left-right dimension, and therefore should not be analysed and measured on the same scale as economic issues.

Changes in society and politics suggest that, at least for the time being, class is not the all-dominant cleavage structuring the party system. Moreover, although political commentators continue to explain New Zealand politics by reference to the left-right spectrum, it is becoming more difficult to identify a consistent pattern that differentiates left from right. No other grand line of cleavage looks likely to replace the declining class cleavage. Without a strong social cleavage operating, the differences between parties have narrowed and the parties compete without any strong coherence.
Chapter Five

Party Linkage to Societal Organisations

The relationships between political parties and interest groups, such as trade unions and business associations, have been eroding. The parties are more autonomous than ever and this has important practical and ideological implications for the party system. Political parties have become more remote from civil society. Not only are the relationships unravelling between parties and social constituencies in the electorate (as examined in Chapter Four), and between parties and their potential members (as examined in Chapter Six), but the parties also no longer have strong links with societal organisations that represent these groups. The erosion of traditional linkages between party and interest groups is therefore creating more of a free market for influence, in which the numbers of unaligned groups searching for influence have multiplied. The political parties compete for their attention and the interest groups compete for that of the political parties. Increasingly, interest groups choose to work dispassionately with whoever is in government rather than form allegiances with any particular political party.

This chapter examines the nature of the changing links between parties and the organised social forces that exist in society. This topic has lacked investigation in New Zealand. As Jack Vowles has written: 'The relationship between membership of single-issue groups and that of political parties is, like many other aspects of political sociology in New Zealand, under-researched' (Vowles, 1998a: p.14). This chapter makes a case for the importance of these organisational
linkages, outlining the linkages of the parties, explaining why these linkages are eroding, and analysing the implications of this erosion.

In recent times it has become fashionable to decry the linkage between parties and societal organisations. The classic linkages between business and right-wing parties and between trade unions and left-wing parties has come to be seen as somewhat insidious. The endorsement of a party by an organised grouping has become negatively associated with self-interest and unseemly financial arrangements.¹ Also, many interest groups take the point of view that they can enhance their members' voices by avoiding narrow partisanship, and thus bring influence to bear on all parties, whether in government or not. By contrast, if an organisation is seen as being aligned to one party, then when that party is outside of government, the group is likely to be disadvantaged.

A good case can, however, be made to justify the party-institution linkages and alignments as necessary and complementary to the democratic functioning of the political system. Democratic theory, after all, suggests that in connecting the state with its citizens, political parties need to be properly rooted in society so they can effectively carry out the will of the people and so that the parliamentary institution represents all of society. One such way for the political parties to remain integrated in society is through their close working relationships with the many organised sections of society. The classical conception of party-based representative democracy regards political parties as helping link the state with society, and part of that linkage occurs through parties having formal and informal ties with societal organisations. These relationships also represent the fact that different parties have traditionally represented policies that are attractive to different sectors of society. Alignments with interest groups formalise this—they allow parties to develop links with the societal organisations that represent their supporters.

¹ See: Jackson (1978; chapter seven), and Robinson (1978),
Close relationships between parties and other organisations are also useful from the point of view of the societal organisations that naturally seek to influence those who seek to govern. These groups make a considered choice in aiding the election of politicians who then might work to secure legislation that benefits that group. Developing relationships with parties is an acknowledgment that collective action by like-minded citizens is often more effective than the actions of the individual. The relationship is also advantageous to the political party, as these social organisations not only provide important financial resources, but also legitimisation and political and policy guidance. In this sense they provide parties with political identity, which they transmit to their members and supporters. The societal groups also mobilise their supporters in elections.²

**Definition of Societal Organisation**

In most cases the term ‘societal organisation’ refers to an ‘interest group’. This type of organisation is defined here by Richard Mulgan:

> An interest group is to be understood as an organised group representing to government the views of those who share a common interest. In this sense, an interest group is not the same as a social group with interests, that is, one of the various classes, ethnic groups, geographical localities and so on which make up the plural society.... Interest groups are formal organisations with a political function, organisations which represent the interests of particular groups and seek to influence governments to their point of view (Mulgan, 1997a: p.208).

Within the category of the interest group, two further categories can be discerned: ‘sectional’ and ‘cause’ interest groups. The first type is best described in the quote above, and is ‘confined to groups based on an identifiable social group with a sectional interest’ (Mulgan, 1997a: p.214). Typical examples include trade unions and business associations. Cause interest groups, on the other

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² The alignment to social forces outside Parliament therefore affords some degree of ideological stability to the parties. This is evidenced by the current parties in Parliament, all of which have weak relationships with most social groups and are at the same time ideologically volatile. The instability of New Zealand party politics in recent years can therefore be viewed in the context of the relatively weak alliances and affiliations that the new political parties possess.
hand, are described as such because they 'are formed to support a particular public cause or government policy' (ibid). Typical examples include child advocacy groups and environmentalist organisations.

However, the focus of this chapter is not limited to interest groups. It also examines well-organised institutions and actors based in civil society but outside the normal definition of interest groups. For example, churches, state departments, the media, the military or the police are all organised social forces that have relationship with political parties. These are by no means always formal or strong linkages, but relationships nonetheless. They are organised social forces in the sense that they have a certain involvement and influence on civil society. Therefore this chapter mainly uses the term 'societal organisation' rather than the more limited 'interest group', even though they are sometimes interchangeable.

Part One of this chapter gives an overview of the changing types of party-institutional ties. Part Two examines the individual political parties and their relationships with societal organisations. Part Three outlines some explanations for the disconnection between political parties and organised social groups. It argues that the decline of the relevance of the class cleavage plays a central role.

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3 See also: Jesson (1992c: p.365).

4 In contrast to this approach, Keith Jackson includes such groups within a definition of interest groups: 'A third category is the institutional group which may include such organisations as local government authorities, statutory boards - the Wool, Meat or Dairy Boards - as well as bureaucracies and churches. These are formal organisations composed of professionally employed personnel with designated political or social functions. All of these different organisations involve pressure group activity in various ways for they "articulate" or link different interests together' (Jackson, 1973: pp.87-88).
Part One: Old and New Organisational Ties

When New Zealand's first political party – the Liberal Party – took office in 1890 it was backed by a whole array of organised social forces. According to Les Cleveland, the Liberals' supporters included 'trade unions, trades and labour councils, the Knights of Labour, the unemployed, recent immigrants and land-hungry people, including a great many small farmers. Also important were the supporters of Friendly Societies and craft unions' (Cleveland, 1977: p.13). Over the following century, New Zealand's main political parties were all backed by various organised sections of New Zealand society. It became widely acceptable for interest groups, community organisations and businesses to have partisan ties. Yet for the most part, the relationships between parties and other organisations have been informal and often covert. The National Party, in particular, has had only indirect and informal relationships with societal organisations. Nonetheless these informal and less tangible relationships can still be significant. According to sociologist Frank Parkin, writing of the situation in Britain in the 1960s, the majority of the established institutions of society have acted in a way to advantage the Conservative Party:

Examples of such institutions would include the Established Church, the public schools and ancient universities, the elites of the military establishment, the press and the mass media, the monarchy and the aristocracy, and finally and most importantly, the institutional complex of private property and capitalist enterprise which dominates the economic sector... All of which could be said to embody values which are in close accord with the ideology of Conservatism (Parkin, 1967: p.280).

Conversely, the British Labour Party has traditionally benefited not just from the trade union movement but also from the roles played by 'urban local government, the co-operative movement, non-conformist churches, nationalised industries and council house estates' (Debnam, 1990: p.19). The New Zealand counterparts of these institutions have often had a similar relationship to the National and Labour parties. Charles Bennett, when he was President of the Labour Party in 1976, complained of the bias towards the National Party inherent in many resource-rich and seemingly independent local and statutory bodies. He
claimed that such organisations were dominated by National Party members and supporters:

Organisations like Chambers of Commerce, Federated Farmers, some sections of importers, harbour boards, and education boards all added effectively to the stream of criticism when a Labour government holds office but they seem to be remarkably quiet at the present time [when a National government is in office] (quoted in Cleveland, 1977: p.137).

However, the National Party might also allege that the Labour Party has its own institutional strongholds – typically found in various university departments, secondary schools, within much of the liberal media, and within the health and arts sectors. But whereas Parkin describes a British situation in which the parties are heavily anchored in societal organisations, this cannot, as Debnam argues, be said to have existed to the same degree in New Zealand:

By contrast, the situation is very different in New Zealand because it is a society that is less extensively institutionalised. Although the two major parties have represented distinctive interests, similar in many respects to the interests represented by the British Conservative and Labour Parties, those interests do not have the same depth of institutional support, and are not marked off from each other by the distinctive icons of divergent sub-cultures, as is the case in Britain. In other words, the two sides are closer together in New Zealand, and their central positions are not so institutionally entrenched (Debnam, 1990: p.20).

Furthermore, although both National and Labour have in the past relied on their own institutional bases, there has been a blurring of this support in the last two decades, together with a decline in the strength of some of these institutions. As examined later in the chapter, many of the societal organisations on both sides of the party divide have been in decline in recent years. Under attack, or in decline as social forces, are the universities, the established churches, medical professions, state-owned industries, trade unions and local government (Debnam, 1990: p.20). This chapter argues that the decline of many of these old societal organisations is both a cause and consequence of the erosion of the

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5 According to Trotter, 'Many on the Right would object that the Left never really needed to establish think tanks because most of the History, Political Science, Sociology and Economics departments of our universities did the job for them' (Trotter, 1999e: p.17).
traditional class cleavages, which tended to preserve the basis of the two-party political system.

Institutional-party relations have been mixed-up by the political, social and economic turbulence of the last two decades and they continue to be largely in flux. Societal organisations that might be expected to be on friendly terms with National can be found on good terms with Labour, and vice versa. Therefore, in understanding the New Zealand party system, the old patterns of organisational support cannot be taken for granted or simply assumed – each relationship must be re-evaluated. Both conservative/right-wing and liberal/left-wing institutions are no longer nearly as one-sided in their support for a party as they once were, and where linkages do exist, they are more complex than in the past.

Modern Organisational Ties

Parallel to decline of the traditional relationships between parties and interest groups, the parties have actually been developing new relationships. It is apparent that many of the modern groups that are aligned to, or have relationships with, parties are actually elite-type organisations that do not represent significant social forces in society. These groups are established to provide a way around state party financing laws, provide intellectual resources, or simply supply legitimacy. They are an attempt to illustrate to voters that a particular party has links with civil society and therefore has support in the community. The first example of this is ‘artificial’ affiliated organisations. In lieu of the organic links between New Zealand political parties and societal

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6 For example, Trotter has commented that while the education sector once acted in favour of left-wing parties, this is no longer necessarily the case: 'It is, however, less common to encounter overt left-wing sympathies within the academic caste in the late 1990s than was the case, say, in the 1970s. The demise of the Soviet Union, the relentless encroachment of post-modernist thought within the academy, and the general hostility of university administrators to academic staff who take their "critic and conscience" role too seriously have weakened the universities when it comes to generating "progressive new ideas"' (Trotter, 1999e: p.17).
organisations, the parties are now inclined to manufacture organisations by creating groups from within the party that have the appearance of being external organisations with discernable autonomy. Often quasi-factional organisations that already exist within the party are dressed up as external organisations, therefore providing legitimacy to the party or its leadership, because the party is seen as having some sort of external organisational support. A classic example of an internally-created support group, was Labour's creation of the 'Citizens for Rowling' group, which included a number of social 'notables' who campaigned in support of the Labour Party in the 1975 election campaign. Ostensibly, this group was non-partisan and created to look like it existed outside the party, but in reality was set up and run by Labour Party members.\(^7\) Such organisations and their relationship to politics are examined in Part Two.\(^8\)

A more recent type of societal group that political parties have been manufacturing is the American-style political action committee (PAC). As detailed in Chapter Nine, these committees are normally established in reaction to the laws governing both the donation of funds to political parties and election campaign expenditure. PAC's are not very common in New Zealand, but they appear to be increasing as parties become more adept at dealing with state regulations. The most prominent example is the New Zealand Free Enterprise Trust, which has collected substantial donations on behalf of the National Party in recent years. Think tanks, another modern form of political organisation, normally have a particularly close relationship with political parties, and in other Western countries, a wide variety of think tanks are active in politics, producing advice, books and reports to the media and politicians. Although think tanks have increased in number and significance in New Zealand, they still do not have a

\(^7\) See: Webber (1978: p.195), and Roberts (1976).

\(^6\) Similarly, according to Widfeldt, some parties set up internal/external groups that channel members into their parties: 'Most parties have "side organizations" to appeal to particular groups — women and young people, for example (Katz and Mair 1992b).
strong presence and lack depth and diversity.9 As examined later in the chapter, contemporary think tanks include the Business Roundtable and Maxim Institute on the right, and the Gamma Foundation, Foundation for Policy Initiatives and the Bruce Jesson Foundation on the left.

Of all the modern organisations replacing interest groups’ role in linking political parties to civil society it is probably public relations (PR) consultancy companies that most epitomise the process. The market research arms of PR firms facilitate the politicians in sampling the electorate, targeting the market, and using the media to reach it (Jesson, 1989d). Hence the need for parties to have an organic reach into civil society is reduced. Similarly, PR firms represent business interests directly to the parties (both in government and opposition), and provide business with political advice. According to Jesson, ‘These political consultants have become the new mediators in an age of commercialised politics’ (Jesson, 1992c: p.371).

Such a shift is part of the long-term ‘privatisation’ of parties and their activities that has been occurring over the last four decades. Certainly since the 1960s marketing and public relations techniques have been expanding into New Zealand politics, along with a general professionalisation of politics. According to Jesson, from this time ‘Professionals groomed the contenders – Bob Harvey groomed Norman Kirk in 1972, Michael Wall managed Muldoon’s election advertising in 1975. Public relations, consultancy and polling became increasingly important features of the political process, with a merger occurring between politics, business and the media’ (ibid: pp.370-371). During Robert Muldoon’s leadership the National Party started using the firm Allen Fenwick McCully, which involved Michelle Boag and current MP Murray McCully. The Fourth Labour Government also employed a number of consultancy companies

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9 See: Klinkum (1998: p.424). Trotter has also pointed out, ‘Left-wing think tanks have a long and illustrious history, reaching back to the British Fabian Society, but are almost unheard of in New Zealand’ (Trotter, 1999e: p.17).
to organise political campaigns – most notably Strategos, Edwards-Cunningham Consultants, Communicor, and Consultus.\textsuperscript{10} Then in the 1990s, the Fourth National Government used the firm Logos.\textsuperscript{11}

Paradoxically, while the formal and informal relationships between specific societal organisations and specific political parties have been declining, the overall political influence of interest groups is likely to be greater under MMP than under FPTP due to the greater number of parties now involved in the decision-making process. Mulgan has argued that interest groups are likely to have increased influence under MMP, due to the fact that 'issues are more likely to be negotiated between parties in Parliament' and therefore there is more room for interest groups to influence MPs' decisions (Mulgan, 1997a: p.226). This has also been the finding of Grant Klinkum, who has written, that 'In New Zealand since the introduction of MMP there is a greater emphasis being placed by interest groups on trying to influence individual Members' (Klinkum, 1998a: p.421).\textsuperscript{12} He also noted that, 'With greater contestability of advice under an MMP electoral system, the New Zealand State Services Commission predicts a possible increase in importance of think tanks and private sector organisations' (ibid: p.427).

Politics is therefore evolving into a more pluralist model, where parties do not monopolise relationships with societal organisations. Interest groups still have a relationship with political parties, but it is a more informal one and more distant, as such groups forge links with a greater range of parties in order to maximise

\textsuperscript{10} These firms generally involved people close to, or in, the Labour Party. Strategos involved 'Derek Quigley, a former National Cabinet Minister; Rob Campbell, a Labour Party executive member and former union leader; and Alf Kirk, a former research officer for the FOL' (Jesson, 1992c: p.371). Edwards-Cunningham Consultants, Communicor, and Consultus were, respectively, run by the Labour Party-friendly television interviewers Brian Edwards, Simon Walker and Ian Fraser.


\textsuperscript{12} Klinkum also believes that 'Small parties or new opposition spokespeople may initially rely on interest groups and lobbyists for information' (Klinkum, 1996: p.422).
their influence. Essentially interest groups lobby all the political parties and provide information resources to them:

Apart from maintaining links with ministers and public servants, interest groups will also try to keep in close contact with the political parties, both inside and outside Parliament. Backbenchers can play a critical role in caucus and on select committees and are inundated with a constant stream of propaganda material from interest groups. Parties outside government, having only their small parliamentary research units to help develop new policies... welcome additional input from interest groups, many of which have their own professional research teams (Mulgan, 1997a: p.225). 

This decline in the partisanship of interest groups has important consequences for the ideological nature of political parties. This is because the act of sharing similar relationships with interests groups contributes to the ideological conformity between the parties. By having friendly relationships with all those interest groups occupying the strategic middle ground the parties inevitably end up being influenced to adopt similar policy positions. The flip side of this is that the way modern New Zealand political parties operate leaves them with no particular need for a formal engagement with interest groups. As shown in Chapter Four, the chase for the middle ground, and the wider electorate, means that the parties no longer require formal vertical ties with a particular section of society or its organisations. New Zealand's modern electoral-professional parties require a quite different form of interaction with society than the mass parties of traditional New Zealand politics.

Societal organisations are now more likely to take a less partisan approach, but instead align themselves with particular political models, therefore supporting whichever party also supports those ideas. For example, the Trade Liberalisation Network (TLN), set up in 2001, is said to enjoy 'strong support from both major parties' (Kelsey, 2002: p.42). A cause and consequence of the fact that the TLN

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13 In line with this less formal dimension, the former relationship between interests groups and political parties has been replaced by an informal relationship between individual MPs and outside groups.

14 In 2002 the Business New Zealand group criticised all of the parties for their economic policies, although they said National and Act's came closest to what was needed to achieve acceptable economic growth (Edlin, 2002).
is not aligned to any particular party is that neither main party questions the neo-liberal policy consensus on seeking further free trade arrangements. Similarly, sections of the media have traditionally opposed the Labour Party, but this pattern broke down in the 1980s when those same media organisations became more favourable to Labour due to its economic reforms. According to Mulgan, these media organisations have since 'returned to a less obviously partisan approach, though they remain generally sympathetic to the restructuring policies of first Labour and then National and critical of the economic policies of the Alliance and New Zealand First parties' (Mulgan, 1997a: pp.300-301).15

Many interest groups prefer not to associate themselves with a particular political party, but seek relations with government departments. Augmenting political parties, therefore, are the institutions of the state. Tim Tenbensel has pointed out that such relationships are potentially more beneficial for the interest groups because of the durability of a relationship with the more permanent institutions of the state:

An example of such a relationship with a government agency is that of alcohol industry groups and the Ministry of Commerce. Anti-alcohol campaigners, on the other hand, will focus their attention on building alliances with the Ministry of Health (Tenbensel, 2001: pp.323-324).

Likewise, the anti-smoking group Action on Smoking and Health (ASH) is allegedly 'funded by taxpayers to lobby government to introduce anti-smoking laws' (Coddington, 2001: p.63). Similarly, the pro-logging citizens of the South Island West Coast allegedly used the resources and expertise of state-owned enterprise Timberlands West Coast to establish the pressure group Coast Action Network (Hager, 1999). Among other partisan activities, the Network paid for full-page advertisements in the Coromandel electorate attacking the Green, Labour

15 Similarly, according to Jim Anderton, 'The Dominion has an editorial policy to slaughter the Alliance on every possible occasion. The Herald says there's no balance of payments problem unless we get an Alliance government' (quoted in McLoughlin, 1996). The then editor of the Dominion, Richard Long, has
and Alliance parties. In this way the interest groups are building up relationships with organs of the state in lieu of political parties. Similarly, political parties are increasingly substituting their relationships with interest groups with state institutions. For example, in recent years there has been the appearance of close party-state relationships between: Act and the Crown Commercial Monitoring Advisory Unit (CCMAU),\(^\text{16}\) National and the Treasury and Reserve Bank,\(^\text{17}\) Labour and New Zealand Post, the Green Party and the Environment Ministry and Department of Conservation (DOC),\(^\text{18}\) and Jim Anderton's Progressive Coalition Party and Kiwibank and the Ministry of Economic Development.\(^\text{19}\) It is obvious that when in government, political parties have the ability to establish, mould or develop state institutions in a way that creates institutional support for the party.\(^\text{20}\) This is an area that warrants further research.

responded saying that Anderton's 'too glib for TV, so it falls to newspapers to ask the hard questions about his balmy policies' (quoted in McLoughlin, ibid).\(^\text{16}\) In 2001 the media speculated about links between CCMAU and Act after a number of CCMAU documents critical of government policies were released by the party. The leaks resulted in the Deputy Prime Minister saying he could no longer trust CCMAU staff, and the Prime Minister calling CCMAU a 'chronic leaker' and saying ministers would curtail their dealings with the agency (quoted in Armstrong et al., 2001).\(^\text{17}\) As an example of the Reserve Bank's close connection with the National Party, Don Brash, the bank's governor since 1988, resigned in 2002 and stood successfully as candidate for National.\(^\text{18}\) It would be surprising if there was not a higher than average support for the Green Party in DOC. According to Jesson, the department 'is staffed by people with a history of support for conservation causes' (Jesson, 1972: p.373). In 2001 the Greens negotiated the Eco-2001 package with the Labour-Alliance Government in return for the party's support of the government. The package increased funding for DOC and the Ministry of the Environment.\(^\text{19}\) Jim Anderton has remodelled the Ministry of Commerce into the Ministry of Economic Development, and this agency has become an important source of political and bureaucratic support for Anderton and his party. Two seconded staff from the ministry are employed in Anderton's ministerial office.\(^\text{20}\) One of the ways that parties in government do this is through political patronage. There are many examples of parties appointing sympathetic people (and even party members) to state institutions, thus making those institutions more in tune with that party. See: Chapter Eight, Jackson (1973: p.193), James (1987a: p.33), and Colin Espiner (2003b; 2003d),
Part Two: The New Zealand Parties and their Alignments

This section surveys the individual parties and their relationships with societal organisations in the past and present. It attempts to reveal all relationships between political parties and societal organisations. Some of these are significant, but most are tenuous – especially for the newer parties.

Labour Party

The Labour Party has always had numerous formal and informal alignments with societal organisations, although the strength of all of these relationships has fluctuated over the years. Most obviously, Labour has had a very close relationship with the trade union movement, which has provided one of the party’s strongest connections with civil society. In fact the party started life in 1916 as the political wing of the union movement, with an affiliate membership. It was only later that Labour allowed people to join the party through branches. After the party came to government and introduced compulsory unionism in the 1930s, Labour had 185,000 union members – a membership level that they managed to retain until the 1990s (Gustafson, 1992b: p.274).

Until the 1970s the unions played a key role in party affairs. The affiliation relationship was important, as it gave the party a direct link ‘to trade union leaders, their problems, worries, anxieties, and their money’ (Ovenden, 1986: p.30). The affiliated unions were able to exercise considerable power at party conferences, due to their strong voting power based on their large paper memberships. For example, at the 1967 conference, ‘affiliated unions exercised 56% of the vote – their 376 votes compared with 201 votes for branches, 43 for LRCs and 7 for the Maori Policy Committees’ (Strachan, 1982: p.17).

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21 See Chapter Six.
22 Likewise, in 1972 ‘48 unionists had 393 card votes; the other delegates had 368’ (Jesson, 1974: p.1). However, rather than using such power for radical ends – as is commonly presumed – normally the union
One of the more formal mechanisms for the relationship between Labour and the unions used to be through the (now-defunct) Joint Council of Labour – a communications forum involving the party and union leaders that met after each party conference to make recommendations to the parliamentary Labour Party. Informal channels were also solid and significant. Leslie Lipson, writing in the 1940s described the inter-relatedness of Labour and the trade union movement:

\[\text{there is a strong tie-up between the personnel of the trade union leadership and the parliamentarians. Leading positions within the party, including the chairmanship, are held by prominent trade-unionists. Many of the Labor ministers have been active in their past careers as union secretaries. The executives of the party and the unions hold joint meetings from time to time, and, since the Labor government has been in power, these meetings have been reinforced by the presence of the cabinet. The annual conference of the Federation of Labor [FOL] is held a few weeks before that of the Labor party, and some of the delegates are the same on both occasions. In practice there has been a much closer working relationship between the Labor cabinet and the executive of the Federation than between the cabinet and the party organization outside Parliament (Lipson, 1948: p.248).}\]

The relationship in the 1950s between Labour and the union leadership was also described by Gwendolen Carter as being very close: 'The closest relationship is maintained between the [Labour] prime minister, [and] the national executive of the Federation of Labour' (Carter, 1956: p.95). Robert Milne wrote in the 1960s that 'The links of the unions with the Labour Party are numerous and hard to disentangle' (Milne, 1966: p.105). Cleveland argued in the 1970s that the 'Labour Party is powerfully influenced by its connection with the trade union movement'

\[\text{votes were used to support the party leadership against party radicals (James, 1987a: pp.31-32). The affiliation of trade unions to the Labour Party was never really a genuine link with working people, but primarily united top union officials and party leaders. Thus, although the party once claimed to have about 200,000 affiliated members, this was not a 'real membership'. For example, in 1979 Levine wrote that 'While the unions are affiliated with the Labour Party, it is clear that few union members are enrolled, subscribed, participating members of the Labour Party' (Levine, 1979: p.72). Likewise, Gustafson has written that 'only a very small minority of unionists have actively involved themselves in the party's affairs, usually through their concurrent membership of a local branch of the party' (Gustafson, 1989: p.209). Even in the 1950s Carter wrote that although the relationship between Labour prime ministers and the national executive of the Federation of Labour was normally very close, it obviously involved very few people (Carter, 1956: p.95).}\]

\[\text{See Cleveland (1977: p.115).}\]
and that 'party leaders are continually at pains to show that they are on good terms with FOL leadership, particularly at election time' (Cleveland, 1977: p.115; p.134).\(^{24}\) Such could not be said today. For some time, Labour Party leaders have been determined to give the impression that they are not under the sway of the trade unions.

The power of unions within the party was enhanced by the number of valuable resources they could provide for the party. Union leaders could ensure the election campaign occurred without embarrassing strikes, election meetings could be organised in the workplaces, and unionists could be supplied for canvassing in marginal electorates.\(^{25}\) Perhaps most importantly, at a time when the Labour Party derived little in the way of donations from business interests, the union's financing was the lifeblood of the party. In the 1940s, for example, union contributions were 'the largest, the most regular, and the most dependable item in the party revenues' (Lipson, 1948: p.248). As a result of their financial contributions 'as well as through their numerical majority' Lipson observed, 'the unions inevitably preponderate in all decisions on Labor strategy and policies' (ibid). This influence did not last, however, and by the 1980s the party derived only a tiny proportion of its election campaign fund from the unions. By the 1990s donations from wealthy individuals and businesses heavily outweighed any union contributions.\(^{26}\)

The peak of union affiliation occurred about 1979, when there were 'fourteen national trade unions and sixty-nine provincial (district) trade unions' affiliated

\(^{24}\) Cleveland said that there existed 'a degree of common purpose linking the two organisations which is both a source of strength, and at times, of embarrassment to them, particularly during bouts of industrial conflict' (Cleveland, 1977: p.115). Furthermore, the interaction between Labour and the union movement used to be such that, according to Vowles, 'The FOL used to regularly express public support for Labour and urge trade unionists to vote accordingly. The strength and substance of that support increased markedly in the period prior to the 1984 election, but has declined since' (Vowles, 1992a: p.352).


\(^{26}\) See Chapter Seven.
with the Labour Party, providing the party with 200,000 affiliated members (Levine, 1979: p.72). By the early-1990s the numbers of affiliated unions and unionists had declined substantially, and in 1994 only 51,000 unionists and seven unions remained affiliated (Munro, 1994b: p.2). Since then the number of affiliated unions has dropped to only five and no current figures are available on the affiliated numbers of workers, although they have almost certainly declined even further.

It is obvious that neither the union movement nor party leadership actually attempted to incorporate the affiliate membership into any real involvement in the party. In fact it can be argued that the union members – as distinct from the union leadership – have played almost no effective role in the party since the 1960s – despite the fact that they continued for some time after this to materially sustain the party. There was certainly never any deep political participation in the Labour Party by rank-and-file union members. The formal relationship between the party and the union movement has been in decline for a long time. Douglas Webber argues that the Labour Party ceased to have any real organic link with the trade union movement in the 1970s:

27 See also: Vowles (2002b: p.419), who provides further details: 'In 1982 45 unions were affiliated to the party. They represented between them approximately 30 per cent of union members, 37 per cent of private sector unionists and 12 per cent of public sector unionists'.

28 The only affiliated unions of any real strength are the Engineers and the Service Workers Unions. Furthermore there is no central trade union body that is affiliated to the Labour Party. The Council of Trade Unions, which represents 83 percent of union members and 36 percent of wage and salary earners, has no party affiliations (Vowles, 1992a: p.346).

29 In the 1970s Webber reported that even 'In the Auckland Boilermakers' Union, the most policy-orientated of all the party's affiliated unions, only about twelve of 600 members in Auckland City were active in the Labour Party in 1975. In other unions, therefore, the ratio of active to affiliated members is probably lower' (Webber, 1978: p.195). Part of the explanation for the question of why the union movement has had such little influence on its party lies in the essentially weak and flabby state of the union movement due to the existence of compulsory unionism in New Zealand since 1936. As Brown maintains: 'affiliated union membership may have swelled the party's membership lists and coffers, but it was essentially a dues-paying cardboard empire rather than a real measure of active strength' (Brown, 1962: p.216).
By 1975, Labour had ceased to be either a mass party or a party of the working class, organised or otherwise. Having relinquished or been dispossessed of the power that they had once exercised in the party, trade unions ceased (as of 1975) to be active participants in Labour's internal politics (Webber, 1978: p.191).\(^{30}\)

Certainly over the last three decades there has been a conscious movement by Labour Party leaders to limit the influence and role played by the union movement within the party. This started in full during the party's 1967 annual conference when Jim Anderton, Roger Douglas and Michael Bassett attempted to introduce the 'red book' reforms, which would have reduced the voting power of unions. They failed, but subsequent conferences between 1975 and 1984 adopted many of the proposed reforms. In particular, this reform momentum continued throughout the 1970s, with the abolition of the multiple electorate Labour Regional Committees (LRCs) which amounted to a considerable blow to the affiliated unions because the LRCs had for sixty years been a significant mechanism for trade union influence. According to David Strachan, their abolition 'was seen as further separation of the Party from its trade union base and its working class traditions' (Strachan, 1982: p.27). In the early 1980s the trade union affiliates agreed to a constitutional change that meant their voting power would be reduced further (Sheppard, 1999: p.138). Labour leader Bill Rowling was particularly keen to weaken the union-party links, and at the 1982 party conference he 'encouraged delegates to improve their chances of winning elections by breaking away from the unions' (Maharey, 1987: p.73). Again in the mid-to-late 1980s, the power of the affiliated unions was a contentious issue – especially for the newly formed internal-party Backbone Club (dealt with later), which feared the unions would endanger the economic reforms being carried out by the government. The Backbone Club therefore sought to 'democratise' the party, by stripping the affiliated unions of their conference bloc vote.

That the Labour Party became less dependent on and influenced by the trade union movement meant that it could more easily implement its neo-liberal

\(^{30}\) As an example, the Joint Council of Labour 'met on twenty-two occasions between 1952 and 1957 – but only twice between 1970 and 1975' (Webber, 1978: p.189).
Chapter Five: Party Linkage to Societal Organisations

reforms, with less regard for the interests of unionised workers.\footnote{1}{McRobie (1992: p.402).} The history of the Fourth Labour Government in office was instructive as to the orientation of the party towards its union supporters. For it could not be said that Labour in government was sympathetic or willing to act in favour of the interests of labour. If anything, Labour Party ministers went out of their way to prove that they were not union-friendly.\footnote{2}{As Labour Party president, Margaret Wilson stated: “the minister of labour, Stan Rodger; the minister of finance, Roger Douglas; and the associate minister of finance; Richard Prebble, who had special responsibility for industrial relations, were determined from the outset not to be seen to have been “captured” by the trade union movement” (Wilson, 1989: p.95).} Although the Labour Government was reluctant to confront labour in a real war, this did not stop it undertaking serious measures to reform the labour market. As Colin James points out, the Government did not ‘deliver a managed wage round when the union movement was on the defensive in 1986 and it did introduce an element of flexibility and contestability into the labour market and in union coverage in its rewrite of the wage-fixing and industrial relations legislation passed in 1987’ (James, 1987a: p.21). John Edmundson has outlined some of the Fourth Labour Government’s other anti-union initiatives:

The Labour Relations Act abolished all unions with membership below one thousand. The Act also instituted the principle of competition for membership between unions. Labour also brought in new restrictions on the right to strike and gave employers the right to sue unions and workers involved in ‘illegal’ strikes. Government took for itself the express right to force strikers in ‘essential’ industries back to work (Edmundson, 1999: p.11).

All of these actions amounted to a partial deregulation of the market and undoubtedly reduced the strength of unions and the ability of unionised labour to improve their remuneration – particularly due to the removal of state-enforced arbitration.\footnote{3}{See: a (1993: pp.21-22), who points out that ‘Partial deregulation of the labour market, particularly the removal of state-enforced arbitration in 1987, reduced the influence of unions over wage and salary levels’ (James, 1993: pp.21-22).} Edmundson concludes that ‘Labour’s policies attempted to avoid the outright antagonism of the labour movement while at the same time moving clearly and inexorably towards a “free” labour market’ (Edmundson, 1999: p.11).

\footnote{1}{See: McRobie (1992: p.402).}
\footnote{2}{As Labour Party president, Margaret Wilson stated: “the minister of labour, Stan Rodger; the minister of finance, Roger Douglas; and the associate minister of finance; Richard Prebble, who had special responsibility for industrial relations, were determined from the outset not to be seen to have been “captured” by the trade union movement” (Wilson, 1989: p.95).}
\footnote{3}{See: a (1993: pp.21-22), who points out that ‘Partial deregulation of the labour market, particularly the removal of state-enforced arbitration in 1987, reduced the influence of unions over wage and salary levels’ (James, 1993: pp.21-22).}
Clearly the Labour Party when in government during the 1980s was not a particularly union-friendly regime – although its rudimentary relationship with the labour movement did force it to make some concessions. Towards the end of the Fourth Labour Government, for example, the union movement was able to claim some influence upon the Government when the Council of Trade Unions (CTU) negotiated a ‘growth agreement’ with the Mike Moore administration. It is significant that this did not occur earlier – as in Australia – which was, according to the then party president, Margaret Wilson, largely due to the ‘lack of personal rapport between the leadership of the Federation of Labour and the parliamentary Labour Party’ (Wilson, 1989: p.99).  

As a reaction to their loss of influence, in the late 1980s the affiliated unions attempted to assert their power in the selection of election candidates. Having failed at the policy level, the unions were seeking to exploit other avenues of influence:

> The Labour Party’s constitution does allow unions to dominate the selection/election process if they choose to ‘abuse’ their position. In the past a ‘gentleman’s agreement’ has dampened down the wilder excesses, but some unions have taken the view that because the Government has ‘reneged’ on traditional Labour Party principles they should use every tool at their disposal to fight back (Simon Walker quoted in Sheppard, 1999: p.25).

This assault was particularly effective in the 1987 and 1990 elections in securing the candidacy and election of some union-friendly MPs. However by the early 1990s the trade union movement was playing a minimal role in the Labour Party and this started to be reflected in ‘a series of embarrassing setbacks for candidates of the Left’ (Sheppard, Jan 1998a: p.215). This decline was also related to changes to the party constitution in 1991 that diluted the unions’ power concerning candidate selection. In other areas, the strength of affiliated unions

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34 Wilson also says the compact failed because it ‘was not consistent with the government’s economic policy of non-intervention’ (Wilson, 1989: p.99). For other explanations on the failure of ‘the compact’ in New Zealand, see: Harvey (1992).
had also visibly declined. For example, in 1991, the ‘unions made up only 68 of the 402 delegates at the [party] conference, and held 272 of the 628 votes’ (Collins, 1991). At the 1993 election year congress, the unions held only 105 of 387 card votes, while in ‘comparison, party branches, electorate committees and MPs held 250 between them’ (Munro, 1993a: p.2). By 2000 the five affiliated unions controlled only 56 votes out of 536 (Small, 2000a).

The union movement’s declining influence in the Labour Party is also reflective of the declining size and political significance of unions in general. As pointed out in Chapter Four, the rate of unionisation has halved between 1985 and 2002. Despite the rhetoric about the close connection between workers’ organisations and the Labour Party, the simple reality is that Labour’s structured ties with working people have been largely severed. Although there are still some formal and official links between the Labour Party and the union movement these are essentially elite links rather than anything more organic. Although some informal links of personnel also exist, these are often exaggerated in the media and by Labour’s opponents. Organisationally, the link between the two no longer exists in any substantive form. Although the affiliated trade unions have continued to have representation on the New Zealand Council of the Labour Party, it would now be odd or mischievous to suggest that union leaders have any great influence within the formal or informal structures of the party. Power within the party has significantly shifted, and it now rests almost solely with Labour’s parliamentary leaders. One example of the CTU’s lack of influence within Labour was immediately after the 2002 general election when the president of the CTU, Ross Wilson, called for a continued Labour accommodation with the Green

35 In this, the case of the New Zealand Labour Party is little different from that of other social democratic parties around the world where there has been a trend to distance themselves from organised labour.

36 The fact that trade union political strength has noticeably declined, is illustrated by the fact that while few New Zealanders would be able to name the president of the CTU’s as Ross Wilson, the president of the defunct FOL used to be a household name. Jackson has pointed out that during the period that Labour was in opposition during the early 1970s, ‘at times the role of the leader of the federation was virtually that of an alternative leader of the opposition’ (Jackson, 1973: p.93).
Chapter Five: Party Linkage to Societal Organisations

Party instead of United Future. Helen Clark rebuffed him and then accepted the formal support to govern from the more conservative United Future.

The gap left by unions has partly been filled by other interest groups. Even as early as 1978, Webber noted that 'In the trade unions' absence, other social groups have converged upon the Labour Party and turned it into their political vehicle' (Webber, 1978: p.189). If by the 1970s the Labour Party organisation had withered to that of an empty shell, in the immediate post-1975 period Labour reconnected itself with many organised social forces. Of particular note, the party organisation became strongly connected with the new social movements growing around anti-racism, gender issues, the environment and peace. These movements translated into recruits for Labour, helping the party become dominated by a middle class membership. By 1984 this connection with the new social movements was yielding valuable resources for Labour's election campaign. For example, the party's 1984 general election campaign was greatly bolstered by enthusiastic campaign workers from the peace movement, and many of the party's new MPs, such as Helen Clark, had been recruited from that movement and other social liberal causes (Jesson, 1989a: p.49).

Related to Labour's general eroding links, Steve Maharey pointed out in 1987 that there was an absence of civil society figures and institutions that might otherwise bolster the party's operation in parliamentary politics:

On the other side of the political fence there is very little. No national paper taking a Left line. There are few national spokespersons, like Margaret Wilson, to continue to link the

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38 Jesson provides an example of how many of these groups crossed over and were also part of the trade union movement: 'The organisation Feminist Teachers became particularly powerful in education, where there is a considerable overlap between the unions, the bureaucracy (with many officials having a teachers' association background) and the Labour Party (which had large numbers of teachers among its members). Maryann Street illustrates the point, having been a member of Feminist Teachers, an official of the Post Primary Teachers' Association, a vice-president of the Labour Party, and a friend of the 1984-87 Minister of Education, Russell Marshall' (Jesson, 1992c: p.370).
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Left with welfarism and intervention as if these goals are the end of point of radical aspiration. No theoretical journal with mass circulation. No distinct grouping of intellectuals who can agree on what being Left means now that Keynesianism (which was never Left anyway) has gone. No organisation which can put itself forward as the basis for a Left coalition (Maharey, 1987: p.81).

One might have expected the Fourth Labour Government to have established or formed links with a number of supportive institutions through their massive reorganisation of the state sector, but this never occurred. It was reflective of Labour's lack of institutional relationships, for example, that when appointing personnel to the new institutions (various boards, committees, and state-owned enterprises), the Labour Government 'had to reach out into National party territory' for its appointments (James, 1987a: p.33). Whilst in government the party also failed to establish new institutions – like think tanks – that would be supportive of the new regime. Instead, they relied on PR firms to try to link the party with the public and on business interests for support. Most significantly, the Business Roundtable became highly influential on the Labour Government. As the Fourth Labour Government implemented the policies favoured by business, Labour became the preferred party of the wealthy. In government it worked closely with, and was highly influenced by, key businessmen Roger Kerr, Alan Gibbs, Ron Trotter, Rod Deane, and John Fernyhough. After Labour returned to power in 1999, business organisations again became supportive. Vice-chairman of the Business Roundtable and former 'Entrepreneur of the Year', Bill Day, also became a champion of the Labour Party (Talbot, 3 Jul 2002). Even chambers of commerce became more supportive. For instance, following the 2002 election, the Wellington Chamber of Commerce was welcoming of Labour's re-election. Business organisations generally credit the Labour Party as being economically orthodox and credible. However, since returning to power in 1999 the Labour Party has had little to do with the Business Roundtable, regarding it as increasingly irrelevant and lacking credibility. Instead the Clark-Labour

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40 Labour's post-1999 orientation to the Business Roundtable reflected the decline in credibility of that organisation. See: Rotherham (2000). By contrast, while in opposition, Labour's finance spokesperson,
Government has dealt with organisations that are more in line with Third Way ideology, such as the Business Council for Sustainable Development and Businesses for Social Responsibility. Nevertheless these organisations are probably just as likely to work with any other party in government.

Some commentators have suggested that in terms of organised social forces backing the Labour Party, Maori and Pacific Island groups remain important. Yet the fabled Ratana Church link has ceased being anything more than a myth for some time.\(^41\) In fact by the 1990s, Labour's Maori MPs themselves had only tenuous political links with Maori through their organisations – apart from with the leaders of those groups. However, some of these Labour-Maori links have been partially renewed – especially the tribal relationships, and many of the Maori MPs owe their success to the backing of various iwi.\(^42\)

The general weakness of all these traditional links has encouraged the creation of relationships with more modern and party-manufactured organisations. The best example within the Labour Party of a manufactured type aligned group was the Mike Moore Supporters Club (MMSC), which Moore established as a powerbase for his unstable leadership position between 1990 and 1993. Following the party's 1990 defeat Moore had few parliamentary allies, and the Labour Party extra-parliamentary organisation was largely aligned against him. In November 1992 Moore and his allies subsequently took over a limited liability shelf company, named Teamcorp Securities, renaming it MMSC Ltd in January 1993 (Stephen Harris, 1993f: p.2). The leading figures and directors of the MMSC – Clayton Cosgrove, Barry Ebert and Murray Wansbrough – were all employees in Moore’s own parliamentary office. It is not known how many actual members the MMSC had, but it was not believed to be of any substantial size.

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\(^{41}\) For arguments that the Ratana church had no real influence over the party or even its Maori MPs.

\(^{42}\) For example, MP Nanaia Mahuta won the Te Tai Hauauru electorate with the family/corporate backing of Tainui amongst others (Taonui, 1999: p.A17).
The organisation had every appearance of being a cadre type group that involved only a cabal of Moore loyalists, rather than a community based semi-mass organisation. The organisation was involved in elite-type activities rather than working at a electorate level. For example in 1992, the MMSC held a conference on developing a vision for social progress, on behalf of the Labour Party, which was attended by a range of leading intellectuals. The MMSC then published a book and a video of the proceedings. Other material published included Moore's own best-seller, Fighting for New Zealand, and the Labour Party's 1993 election manifesto (Moore, 24 Sep 1994). The party also acted as a conduit for raising party funds that could be controlled by Moore.

The creation and operation of the Mike Moore Supporters' Club exacerbated the fractious situation in the party, especially after Moore attempted to affiliate the club to the party organisation. Had this move been successful, it would have given the MMSC a similar status to the affiliated trade unions, whereby according to Vernon Small, 'every branch in the country could have MMSC members. The voting power could have been immense, and would have been crucial to the selection process under MMP' (Small, 1993b). Similarly, the right-wing Backbone Club emerged within the Labour Party during the late 1980s to foster the economic reforms that the Government was carrying out, but was more of an organisational and politicking body than an intellectual one. Some in the party worried that the Backbone Club was becoming 'a party within a party' – an idea borne out by the fact that eventually many of its members went on to form the Act

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43 According to Small, the MMSC 'controlled most of the funding, and hence the content, of election material' (Small, 1993b). In election year the club also attempted to organise and control important party canvassing data. The MMSC signed a contract with the Labour Party organisation to process the canvassing results from electorates. To create a database of the canvassing information, the MMSC utilised the computer company Cardinal Network, which was owned by a friend of Moore's (Harris, 1993f: p.2). The MMSC subsequently sublet campaigning information back to the individual Labour Party electorate organisations.

44 The Labour Party Council 'fearing the creation of a "party within a party" along the lines of the Militant Tendency in the UK or the indigenous Backbone Club, vetoed his proposal' (Sheppard, Jan 1998a: p.216).

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Since the 1980s there have also been a number of think tanks associated with Labour. The Gamma Foundation was established in the early 1990s to help foster a reformulation of social democracy. This involved a number of academics led by Pat Walsh, a lecturer in industrial relations, as well as trade union leaders such as the CTU’s then economist Peter Harris. The Foundation released discussion papers on the economy and organised two conferences on ‘reshaping social democracy’ (James, 1993k: p.78). In 1999 the Gamma Foundation joined together with unions to sponsor a book entitled *The New Politics: A Third Way for New Zealand*. In 1999 the Foundation for Policy Initiatives (FPI) was set up as a think tank in alignment with the Labour Party. According to its leaders, the FPI was dedicated to generating ‘progressive new ideas that will invigorate public policy debate and political thinking’ (quoted in Trotter, 1999e: p.17). Like the Gamma Foundation, the FPI sought to ‘modernise’ social democracy – in particular focusing on the Third Way concepts of ‘industry development’ and the ‘active, enabling state’.

In the 1990s the Labour Party developed various new formal and informal links with other organisations. These included the anti-smoking lobby group ASH, and the now-defunct Coalition for Public Health. Another sector group that has been

46 See: Munro (1988b: p.2; 28 Feb 1990). Later the Labour Party president announced that ‘the club was a “proscribed”, or banned, organisation following a decision by the party’s ruling council’ (Munro, 1990). The Backbone Club later spawned another ginger group, Vision 20/20, which ultimately evolved into Act.

47 See: Jesson (1989a), and Sheppard (1997a; 1999).

48 See also: James (1992a: p.269).

49 At the same time that the FPI was started, the Bruce Jesson Foundation was also launched, with the involvement of Noam Chomsky as patron, and David Lange as chairperson, as well as Jane Kelsey and a number of other left-wing academics and political activists. Formed in remembrance of political journalist and left-wing activist Bruce Jesson, the Jesson Foundation is not closely aligned to any one party, but was seen to attempt to bring the Labour Party and the Alliance closer together.
closely linked to Labour in the past is the New Zealand University Students Association (NZUSA), and it has been common for leaders of NZUSA to eventually go onto political careers with the party. Nowadays Labour is said to work closely with a number of other more right-wing interest groups, such as the Trade Liberalisation Network (Kelsey, 2002: p.42).

**National Party**

Ostensibly a party of the individual, National has few formal relationships with outside organisations. As Anthony Wood has written, ‘National is a party of individualists in which groups and associations – however friendly their members may be to the party – have no voice and no role’ (Wood, 1989: pp.228-229). Although National has traditionally had many institutional contacts and relationships, compared to Labour these relationships have tended to be less formalised. Nevertheless, traditionally there have been many powerful institutions in New Zealand society that have expressed values in line with those of National. Just as the Labour Party leadership used to consult with their counterparts in the union movement, in the 1940s Lipson wrote, ‘so do National party leaders with representatives of the banks, the Farmers’ Union, the Manufacturers’ Federation, and chambers of commerce’ (Lipson, 1948: p.250). Similarly, the established churches, the media, the military, the judiciary and other elites have all helped ensure that National was the dominant political party in the second half of twentieth century New Zealand. But now, as all these ties and associations wither, the situation is less clear-cut and stable.

Of all the New Zealand parties, the National Party has traditionally had the most well-connected, organic linkages to society. Their large mass membership was the main reason for this. James argues that in the 1950s and 1960s National ‘had a large membership, many of whom were also members of the vast interlocking web of organisations that represent, organise and regulate New Zealanders at work and play’ (James, 1993b: p.93). This integration into the
array of organisations had an extremely beneficial effect on party-voter communications:

The result was an effective circle of political information, both shaping the party and its policies within the relaxed boundaries of liberal-conservatism and carrying that liberal-conservative message back out through the networks to a vast proportion of New Zealanders in such a way as to suggest that was the ‘normal’ way to conduct the government (ibid).

Those personal networks have, however, largely been severed. This process began during the 1970s and early 1980s, when Muldoon often bypassed the party organisation and appealed directly to ordinary voters. Then in the early 1990s party membership fell dramatically, which also severely curtailed National’s reach into civil and elite society. This reach has also been eroded by the neo-liberal economic programme, which through the restructuring and downsizing of the state, has removed one of the party’s natural advantages, the apparatus of the state: ‘The withdrawal of the Government from much of the detailed administration has also weakened the potential for direct connection with and transmission of the National Party’s message through the administrative boards and committees’ of the state (ibid: pp.93-94). Replacing National’s deep connections with society is an organisational professionalism. As James has written, with its networks eroded, the National Party now relies on market research: ‘The search for the middle ground on which to base administration and regulatory decisions is now electronic rather than human’, utilising public opinion surveys and focus groups (ibid: p.93).

The decline of National’s linkages to society is also clear in the case of farmers. Farmers have traditionally been to National what trade unionists were to Labour. The official links have been fewer, but a real organic link has nonetheless

50 The radicalism of the Fourth National Government in the 1990s also served to disconnect the party from many of its traditional supporters. Its implementation of radical neo-liberal policies lost it members and alienated it from its more conservative allied networks and organisations. The party’s strength had previously been its all-encompassing conservatism, and by moving so distinctly to the right National lost its ability to unite various constituencies.
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Farmer organisations have traditionally had a very strong relationship with New Zealand's conservative parties. The Farmers' Union began life in 1902 and despite the organisation's motto of 'Principles Not Party', it 'became little more than an unofficial extra-parliamentary wing of the Reform Party' after that party emerged in 1909 (Bremer, 1993: p.110). Then when Federated Farmers was formed in 1944, it developed a very close, but unofficial, connection to the National Party. Norman Kirk famously described the organisation as 'the National Party in gumboots', and Austin Mitchell pointed out that Federated Farmers and National Party branch meetings often appeared to be 'the same people sitting in different rooms at different times' (Mitchell, 1969a: p.41). With the high cross-over between the memberships of the two organisations, it has been common for leaders of the Federation to eventually go onto political careers with the National Party (Vowles, 1992a: p.352).

In government, National certainly advanced the interests of Federated Farmers. Largely through the party's sponsorship and the corporatist-type governmental processes, Federated Farmers became enmeshed in the state. By 1973 the organisation was represented on 67 various statutory and organisational bodies (Jackson, 1973: p.96). And just as the Labour Party introduced compulsory unionism to the advantage of their allies in the trade union leadership, similarly in 1972 the National Government introduced a compulsory levy from slaughtered livestock to finance Federated Farmers' head office (Vowles, 1992a: p.358).

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51 New Zealand farmers, according to Graham, 'have never been a neglected group, nor have they ever been forced, as farmers were in Australia, to form a sectional party to express their grievances. In the period from 1890 to 1912 the Liberal Party took good account of small farmers demands; in later decades, first the Reform Party and then the National Party, despite their connections with urban interests, made it their careful business to cater for the farming electorate' (Graham, 1963: p.175).

52 Alongside the National Party's long-time opposition to compulsory unionism the double standard of the compulsory levy was briefly raised when a National government abolished compulsory unionism in 1983. Yet the compulsory financial support for Federated Farmers by non-members as well as members has continued (Vowles, 1992a: p.359).
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Various training schemes run by the federation have also been funded by National governments.\textsuperscript{53}

This close relationship has, however, become strained over recent years. Now the two organisations are not so closely intermeshed, and another party, Act, has forged significant links with Federated Farmers and their supporters. The first substantial cracks in the National Party-Federated Farmers relationship appeared during the early 1980s, when the farming group grew exasperated with National's interventionist and trade protectionist economic framework.\textsuperscript{54} Federated Farmers subsequently supported the economic reforms of the Fourth Labour Government, a stance which continued to cause problems for the organisation's relationship with National, as the party was initially opposed to and concerned about the removal of subsidies and the effect on levels of agricultural production.\textsuperscript{55}

The influence of Federated Farmers within the National Party has also declined due to the decline of the size and relevance of the farmers' organisation. Like

\textsuperscript{53} See: Wood (1988: p.93), who points out that the National Party in government has even provided financial assistance to Federated Farmers: 'Government, for example, in the early 1980s was paying over a million dollars a year to Federated Farmers as a contribution towards a farm cadet training scheme'.

\textsuperscript{54} As Bremer points out, Federated Farmers became increasingly independent of National: 'Certainly the Federation did not consider its hands tied by any National Party links when it formulated its 1984 election policy statements, rejecting Prime Minister Muldoon's economic interventionism, and endorsing the free-market principles espoused by Labour finance spokesperson, Roger Douglas' (Bremer, 1993: p.118).

\textsuperscript{55} During the mid-to-late 1980s Federated Farmers remained wary that National would return New Zealand's economy to an interventionist framework. The party had largely been saying two things at once: some senior National MPs expressed their opposition to the effects of the Government's economic policies while others suggested that a National Government would not do things very differently. It was the question of trade protection, in particular, that proved to be an issue of contention in the relationship, with the party divided between urban MPs like Philip Burdon, formerly a Manufacturers' Federation activist who favoured a substantial degree of protection, and Ruth Richardson, a former adviser to Federated Farmers, who favoured rapid tariff removal (Bremer, 1993: p.123). A decade later another political issue that set the National Party apart from much of its farmer support base was the determination of much of the Parliamentary leadership, and especially Jenny Shipley and John Luxton, to reform the agricultural producer boards.
trade unions and most other sectoral organisations, the federation has been waning for many years. In the early 1950s it had 48,000 financial members, but by 1990 this had declined to about 23,000 (Bremer, 1993: p.116). By 2003 membership was only 18,000 (New Zealand Federated Farmers, 2003).

Being the traditional 'party of private enterprise', National has also had strong links with the organised business community.\(^{56}\) Commerce associations, such as regional chambers of commerce in particular, have normally been very supportive of the party and it has had a very close relationship with the Employers Federation and the Manufacturers Federation (which are now merged as Business New Zealand). For example, prior to National's election in 1990, the Employers Federation 'played a significant role in developing the party's industrial relations policy of deregulating the labour market' (Mulgan, 1997: p.226). The links between the two organisations are many. For example National's spokesperson on labour relations and later minister of labour, Max Bradford, came to Parliament from a senior position with the Employers Federation. And in 1996 the Federation provided National with $1.3 million of television advertising by promoting the advantages of the Employment Contracts Act. Again in 1999 it ran a pro-Employment Contracts Act and anti-ACC advertising campaign in the media.

The Business Roundtable was probably even more influential on National's 1990 industrial relations policy, and it was generally very influential in National's 1990-93 term in government. According to ex-National MP and leader of New Zealand First, Winston Peters, National's industrial relations policy was actually written in 1987, 1988, and 1989 by the Roundtable (Scherer, 1995: p.3). Likewise, Tenbensel maintains that the Roundtable 'provided many of the ideas that underpinned changes such as the introduction of the Employment Contracts

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\(^{56}\) Private groups of businesspeople have often rallied behind the National Party at election time, particularly to provide funds for their campaign. An example of this was Bob Jones' Capital Club, which in the 1970s financed and ran large-scale advertising campaigns in support of National (Cleveland, 1977: p.115).
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Act... and the 1991 Budget (Tenbensel, 2001: p.329). Since this time, however, it seems that National's relationship with organised business interests has dwindled again. Many business interests have shifted their loyalties back to the Labour Party — although the shift in alignment is not as severe as in the mid-1980s. More than ever before, business organisations are no longer tied to any particular party, and shift between parties as it suits them.

The National Party does, however, develop relationships with groups other than business and farmers. For example, in the 1970s a liberal ginger group, Pol-Link was influential within National, attempting to reverse the party's increasing social conservatism under Muldoon's leadership (James, 1986a: pp.39-40). Later in the post-Muldoonist mid-1980s National's extra-parliamentary leadership sought to reinvigorate the party's organisation by creating the National Political Centre, which was intended to promote new ideas and concepts for the party. The organisers — Hugh Templeton, Sue Wood and Barry Leay — had the objective of creating 'something attached to the party but semi-independent' (Klinkum, 1998: pp.424-425). A contemporary party-manufactured alignment is National's 'Bluegreens' environmental policy task force formed in July 1998. Created by then Minister of the Environment, Simon Upton, and the Minister of Conservation, Nick Smith, this new group was to be an organisation that existed outside of the party but would feed ideas, direction and energy into National. The organisation was headed by Auckland businessman Rob Fenwick, who was not a member of the party but had previously led the (now-defunct) Progressive Green Party. Similarly, since the late 1990s, National has been closely connected to an

57 As an illustration of this, Ruth Richardson has written that, 'The Business Roundtable put a great deal of effort into trying to educate Bill [Birch] on the concept of free contracting, with some limited success' (Richardson, 1995: p.65).

58 The exact relationship of the task force to the National Party was never made public, but press releases about it stressed that the organisation was separate to the party and that membership of it was not confined to members of the party. The Bluegreens was clearly the property of the National Party, but the task force would attempt to create its own identity, aided by its own logo, environmental experts and spokespeople from outside the party. See: English (31 Jul 1998: p.A5).
organisation called the New Zealand Free Enterprise Trust, which is a front organisation for the distribution of donations from individual businesses and businesspeople to the party.\textsuperscript{59} The records of the Electoral Commission show that the party received $700,000 from the Trust between 1998 and 2001. A related organisation named the Southern Free Enterprise Trust also declared donations of $86,000 to various National Party electorate organisations. Then in 2002 the Waitemata Trust, 'a private trust set up to support right-wing parties', gave the National Party $123,000 (Venter, 2003b).

In the 1980s and 1990s, National had ties to various Christian groups. During the mid-1980s New Zealand's 'moral majority' group, the Coalition of Concerned Citizens, ran a campaign to encourage its supporters – who largely came from fundamentalist and evangelical Christian churches – to join the National Party, attempt to influence its moral direction, and depose 'liberal' National MPs. Encouraged and coordinated by MP Graeme Lee, the coalition decided to enter the party following the unsuccessful campaign against homosexual law reform (McLoughlin, 1986a: p.1). The next Christian organisation to become involved with the party was the internally-created Christian Voice group. The group was established with the consent of party leaders in August 1998 'as a special interest group with equivalent status to Young Nationals, the women's committee and the Maori committee' (Speden, 1999c: p.14). The chairman of Christian Voice, John Stringer, had been the campaign director for the rival Christian Coalition in the 1996 general election. Seven other Christian Voice members stood for the National Party in the 1999 election (ibid). Overall, Christian Voice does not appear to play a significant role in the party.

The National Party has also been advantaged by supportive institutions within the state. National has certainly sought to turn various state institutions into

\textsuperscript{59} Former party president, Geoff Thompson has said the Trust also funds other organisations and parties, but he refused to say which, and no other party has declared any donations from the Trust (Gardiner, 12 May 2000).
partisan institutions – for example positions on the board of the old New Zealand Broadcasting Corporation (NZBC) were used for party patronage in the past. Throughout the 1960s, according to Keith Jackson, the NZBC Board consisted 'of appointees who were predominantly National Party sympathisers' (Jackson, 1973: p.189).

Privately-owned media have also traditionally been among National's more important allies. At the middle of the last century, according to Lipson, the National Party enjoyed 'the strategic advantage of controlling virtually every newspaper' (Lipson, 1948: p.250). Mulgan and Vowles, too, have argued that although the media is not heavily partisan, newspapers and their proprietors have generally either favoured National or opposed Labour (Mulgan, 1997a: pp.300-301; Vowles, 2002b: p.425). Arguably this media partisanship has changed more recently because of the erosion of ideological differences between the major parties.

**New Zealand First**

In the tradition of the National Party, New Zealand First has taken up the conservative stance against the concept of parties having close and formal relationships with organised societal groups. New Zealand First has instead claimed to stand for the 'national interest' over that of any particular interest group. The party has certainly lacked close relationships with any one social category of voters, let alone organised expressions of social forces in the New Zealand electorate. Grey Power has at times been viewed as being supportive of the party, and prior to the formation of the 1996 coalition government with National, Grey Power often lent a great deal of support to its leader Winston Peters. However there has never been any formal relationship between the two organisations.
New Zealand First has at times attempted to develop its relationship with certain Maori institutions. In the lead-up to the 1996 general election Winston Peters wisely saw the importance of the local iwi in the Maori electorates, and chose to consult with them about the selection of his candidates for those seats. Likewise, in Te Tai Tonga, New Zealand First’s Tu Wyllie managed, in 1996, to win the important backing of the corporate Te Runanganui O Ngai Tahu, and this relationship was rumoured to be the source of Wyllie’s well-funded election campaign (Speden, 1998f: p.9). Compulsory donation disclosure only started part way through 1996, so the records are incomplete, but they show that Ngai Tahu Trust Board chairman Tipene O'Regan donated $1200 to Mr Wyllie’s campaign. Likewise, the party’s Te Tai Rawhiti candidate, John Delamere, received $8000 from Rotorua’s Whakaaee Trust (Edwards, 1997b: p.3).

**Act New Zealand**

Unlike many of the new political parties formed during the 1990s that have been internally-created parties – parties formed by parliamentarians rather than by forces external to Parliament – the Act New Zealand party arrived in part due to the urging of a number of societal organisations. Although the leading figures who created the party were politicians who had previously been in Parliament (such as Roger Douglas and Derek Quigley), the founding members also came from think tanks such as Vision 20-20 and the Centre for Independent Studies (which involved Rodney Hide and Barrie Saunders). The formation of the party was also encouraged by the Business Roundtable, which provided capital resources, legitimation, and political guidance.\(^6\) One of the main links with the Roundtable was Barrie Saunders, a founder-member of Act, who was also a public relations consultant for the Business Roundtable (Armstrong, 1993: p.9). The current president of Act, Catherine Judd, also works for the Business Roundtable through her own consultancy firm, Awaroa Partners (Coddington, 2001: p.65). Act has also been closely aligned to the Employers Federation, and

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the Federation's communications manager, Andy Gregory, was a foundation member of the party (ibid). Similarly, Kathryn Asare, a PR consultant with Business New Zealand, is a former press secretary for the party. As shown in Chapter Seven, originally Act was funded by a few wealthy individuals rather than by a whole layer of businesspeople.61

Act now cultivates relationships with other societal organisations.62 For example, in its attempts to build itself into more of a rural party, Act has picked up farmer support that once went to National. The party now enjoys a comfortable relationship with Federated Farmers. This is in large part due to the involvement in Act of Owen Jennings, who was the president of Federated Farmers between 1990 and 1993. Other foundation members of the Association of Consumers and Taxpayers were Sir Peter Elworthy, another former president of Federated Farmers, and Rob McLagan, a former chief executive of Federated Farmers. Act also has friendly relations with other conservative pressure groups, such as the New Zealand Council of Licensed Firearms Owners. During the 1999 general election the Firearms Owners called for a vote for Act because ‘Act opposes firearms registration’ (New Zealand Council of Licensed Firearms Owners, 1999).

The fact that the party has any relationship with interest groups is remarkable in the context of founder Roger Douglas's anti-interest group stance. In the 1980s Douglas argued that the special relationships between political parties and interest groups had been a central cause of New Zealand's postwar economic problems. He also deeply resented the close relationship between the Labour

61 For instance, much of Act's early income came from Sky TV millionaire Craig Heatly. Many of its early business backers were typically of a financier-type – those in the non-productive sector of the economy that benefited most from Rogernomics (and who financially supported Labour in 1987) and who also stood to benefit from Act's particular brand of economic reform. Of Act's few wealthy financial backers, many are believed to be members of the Business Roundtable (Mulgan, 1997: pp.254, 315).

62 As Act has shifted its political orientation over recent years it has related differently to its extra-parliamentary institutions and forces. In particular the party has moved away from its finance capital base, and so Act does not enjoy the same support from financiers that it once did.
Party and the trade union movement. Yet, now, the Act party courts the involvement of interest groups as much as – if not more than – any other political party.\footnote{Act MPs Owen Jennings and Rodney Hide have also fallen foul of public approval, having been implicated in separate pyramid-type financial scams. These scandals increased the public’s belief that Act was under the influence of extra-parliamentary interests. Following one of these scandals, Act leader Richard Prebble remarked that he actually encouraged his MPs to have financial involvement in ‘the community’. Other Act MPs are involved in a number of business activities in the private sector – for instance Ken Shirley is involved in forest management, and Donna Awatere Huata is the part-owner of an extensive market garden business.}

Like the major parties, Act also has at times been aligned to party-manufactured social groupings. For example in 1999 a letter was delivered to households in Wellington Central announcing the establishment of the ‘Committee to Re-Elect Hon Richard Prebble as MP for Wellington Central’. Written by one of Act’s senior party workers, the letter detailed how this group was established in 1996 by ‘a group of local men and women, from all political parties, who invited Richard to stand for Wellington Central. Regardless of party politics, we knew Richard would be the standout MP for our community’ (Zangouropoulos, 1999). The committee reformed in 1999 ‘to ensure that Richard is re-elected as our MP’, but the letter stated that the committee made ‘no recommendation on who should be government, that’s for your party vote to decide’ (ibid). The letter called on members of the electorate to join the group and help Prebble campaign for the electorate vote.

**Green Party**

While the older parties still retain some interest group relationships, the new parties have very few such relationships and certainly no significant formal relationships with societal organisations. The Green Party is very typical in this regard, standing virtually alone and formally unconnected with the institutions of civil society. Yet as would be expected, the Green Party has relationships with a
number of environmental groups – such as the Royal New Zealand Forest and Bird Society, and Greenpeace. These relationships are due to a shared political agenda and the small community of activists involved in environmental politics. For example, in 2002, the chairman of Greenpeace New Zealand, Gordon Jackman, joined the party’s post-election coalition negotiation committee.64

The Greens also have a number of links with marijuana law reform organisations. Two Green MPs – Nandor Tanczos and Metiria Turei – are former members and electoral candidates of the Aotearoa Legalise Cannabis Party. The pro-marijuana lobby group NORML has also endorsed a vote for the Greens.65 The Greens also have strong connections to the Electoral Reform Coalition and anti-GM groups.66

United Future

United Future New Zealand was formed out of two component parties – United New Zealand and Future New Zealand. The first was built up with little in the way of links with civil society. Instead, it was the classic internally-created party, established in 1995 by parliamentarians without prior demand for it by any part of the electorate. After the 1996 election – in which United won only 0.88 percent of the party vote (but held Peter Dunne’s electorate) – the party sought to ensure its survival by amalgamating with many of the other minor centre and centre-right parties that had been launched to take advantage of the new PR electoral system. The first three parties to merge were Advance New Zealand, the Ethnic Minority Party, and the Conservatives (formerly the Right of Centre party).

64 Jackman also stepped down from his position with Greenpeace, saying, ‘This role is not tenable in the role of chair and trustee of Greenpeace New Zealand’, and that he wanted ‘to protect the integrity of Greenpeace and its ability to operate independently of any political party’ (quoted in NZPA, 2002g).
65 NORML also discouraged support for the Aotearoa Legalise Cannabis Party, arguing that a vote for them was a wasted vote, but said that a vote for Act was also acceptable (Orsman, 2002).
66 Within the Green Party, Te Roopu Pounamu is a Maori network organisation. Established in 2000, the membership of Te Roopu Pounamu consists of Maori members of the Green Party and the partners of Maori members (Green Party, 2002).
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Following these mergers, United sought to utilise 'the new ethnic and rural networks' to 'bring in two or three per cent of the party list vote' (Sheppard, 1997: p.9). The party marketed its 1999 party list on the diverse ethnicity of its candidates. As a reflection of United New Zealand's liberal politics, the party has also been associated with a website called Wide Awake (www.wideawake.co.nz). While not closely linked with the party, this website has the appearance of a think tank or interest group, but is owned by United.

In 2000 United merged with the Christian party Future New Zealand (formerly the Christian Democrats), taking on the new name of United Future New Zealand, and picking up new links into some of the Christian churches. In its early days the Christian Democrats had close links with the conservative Education Development Foundation – and the head of the foundation, Bruce Logan, was an adviser to the party. Other organisations with links to the Christian Democrats included the Life Education Trust, Youth for Christ, the Bible Society, Family Life International, the Campaign On Moral Education, and the Strategic Leadership Network. Then in 1998 when the party changed its name, much of the organisation also changed. The leader, Graeme Lee, retired and Anthony Walton of 'The Rock' church took over. Walton's church, of which he is the minister, became one of the main organisational support bases for the party.

The merged United Future party is now dominated by Walton's Future New Zealand component, but the alignments with Christian institutions appear to be weak. Three United Future MPs have strong backgrounds in Christian

68 It is not hard to understand that the Christian parties have sought linkages with the churches because 'church networks are stronger and more monied than political parties' (Clifton, 1998f: p.27). However according to James, although Future New Zealand had 'networks among the churches and conservative pressure groups', there do not appear to be many strong institutional ties between churches and parties (James, 1995e: p.13). The vast majority of churches have chosen to remain independent of party politics. None of the churches appear to have endorsed United Future, apart from Anthony Walton's own church. An indication of this is that in Southland, the Otago Community Church pastor Dean Comerford made
organisations: deputy leader Gordon Copeland was financial administrator of the Catholic Church for 18 years, while Larry Baldock and Bernie Ogilvy have been directors of the evangelical Youth with a Mission (Campbell, 2002b: pp.22, 23).

**Alliance and the Progressive Coalition Party**

Integrating with the electorate has always been an important stated goal for the Alliance. Rather than merely behaving as an elite parliamentary force, an attempt has been made to be a grassroots organisation involved in community affairs. The Alliance has aimed to be a ‘three-year operation’ rather than something that just interacts with the community at election time. The party has claimed a solid membership base and a network that is active in the community. However, like most other political parties that have established themselves in recent years, the Alliance lacks any solid ties with any organised section of society. At the time of the NewLabour Party’s (NLP) formation in 1989, some of those involved hoped to obtain trade union support for the party, but unions had by this stage made deliberate decisions to be non-aligned.

According to Simon Sheppard, ‘the overriding reason why Anderton failed to take the union movement with him when he left Labour was the fact that, in reality, he had almost no chance of unravelling the near symbiotic link between the trade unions and Labour Party hierarchies. In cold political terms he had nothing better to offer them’ (Sheppard, headlines in 2002 when he sent an email to 500 people, including his congregation, encouraging them to vote for United Future (Arnold, 2002).

69 The Alliance has been keen to go against the tide in which Matt McCarten puts it, ‘Labour and National have completely obliterated themselves at local level. All they are is electoral machines that roll out every three years’ (quoted in Harris, 1993f: p.17). Dave McPherson, formerly an Alliance worker, has also stated, ‘One of the strengths of the Alliance is our heavy involvement in local campaigns. I would hate to become a once-every-three-years party which only comes out for election campaigns’ (quoted in McLoughlin, 1994c: p.64).

70 The unions that were disaffiliating from the Labour Party were partly doing so in order to become unaligned to political parties per se – which was the general trend for all organised sections of society. There were, however, many individual unionists involved in the party's creation – in particular, ‘nine of the original fifteen members of the original NLP National Council were unionists, including Otago CTU President Michael Hanifin’ (Sheppard, 1999: p.183).
1999: p.183). Also, Anderton had a poor relationship with trade union leaders and had in the past been ambiguous in his support for their involvement in the Labour Party. Yet the Alliance received financial and political support from the CTU-breakaway Trade Union Federation and its affiliate, the Seafarers Union. By the time of the 1999 general election the party also received official CTU support for the first time, and a $20,000 donation from the Engineers Union.

In 2000 the Alliance created its own internal union grouping, ‘The Workers Alliance’, which attempted to fill the large organisational vacuum created on the left of the union movement by the dissolution of the NLP and the unification of the TUF with the CTU. This organisation never succeeded as few workers ever joined it. Certainly it seems that few trade unionists belong to the party. Despite the Alliance’s stated desire to integrate itself into the social fabric of the trade union movement, a charge could be made that it has been less than enthusiastic in its attempt to align the party with other groups. For example, the Alliance rejected a closer relationship with the 5,000-strong Auckland People’s Centre, when in 1993 it rejected the application for party membership of its chief executive, Sue Bradford (Trotter, 1993a: p.10). However the Alliance has

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71 The Trade Union Federation (TUF) was an umbrella group of 14 unions representing about 35,000 workers. It was seen as being partially aligned to the Alliance – mirroring the CTU’s alignment to the Labour Party. Most famously, in the 1994 Selwyn by-election the federation backed the Alliance candidate in the belief that the Alliance had the best chance of winning the seat off National. Particular unions that have been sympathetic to the Alliance have included the Seamen, the Labourers’ Union, the Tramways Union, the Northern Distribution Union and Wood Industries Union (Harris, 1993f: p.17). TUF itself reunited with the CTU in 2000.

72 McCarten declared that ‘Although the Council of Trade Unions’ position was to support a Labour-led government, many unions adopted a more even-handed stance, giving financial support to both partners and allowing Alliance and Labour speakers equal prominence at union meetings’ (McCarten, 2000: p.38). In terms of trade unions, the Alliance has claimed that it prefers not to have union affiliates because the party believes that unions should maintain their independence.

73 When the Alliance asked their members to identify the union to which they belonged during the party’s 2000 membership renewal, only about 150 members indicated that they were in a union, suggesting that the Alliance had only a small reach into New Zealand’s organised labour movement of around 250,000 (Alliance, 2000b).
attempted to forge a relationship with the New Zealand Students Association (NZUSA), which has been partially successful. As a result NZUSA jointly hosted three student debt summits with Alliance MP Laila Harré when she was Minister of Youth Affairs. A number of Alliance members have staffed the association's head office.

The Progressive Coalition Party (PCP) has few links with other organisations. Initially it incorporated the Democratic Party, who departed after the 2002 election. The PCP has been closely associated with the state institutions. Kiwibank was a policy initiative of Jim Anderton's, and he has been keen to associate his party with it. He has even sent out information on the bank to party members and the public asking them to join it. Anderton was also the driving force in the creation of the Ministry of Economic Development (MED). As Minister of Economic Development, Jim Anderton has a number of staff from MED working in his parliamentary office and he works very closely with the ministry.

Part Three: Explanations for the Disconnection

As shown in Chapter Four, the old schism of labour and socialism versus business and capitalism collapsed in the 1980s and 1990s, and this has had significant consequences for parliamentary politics in New Zealand's traditionally class-based party system. The decline of the class cleavage in society has helped disconnect the old parties of both left and right from their traditional social roots, distinctive ideologies and supportive societal organisations. This section argues that with class politics on the decline, the community is now less characterised by a variety of organisations and is instead becoming more of a society made up of atomised individuals who are inclined to participate in public life and politics more as individuals than as members of groups. A similar argument has been made by sociologist Frank Furedi, in terms of the United Kingdom:
Chapter Five: Party Linkage to Societal Organisations

The erosion of old loyalties and the break-up of the old political patterns have resulted from the suspension of class conflict. The suspension of collective conflict between workers, on the one hand, and the employers and authorities on the other has also encouraged the individuation of political life, a situation in which people think and act more as individuals than as members of a group or social class. Many of the old constituencies have disintegrated (Furedi, 1995).

In this sense – the suspension of class conflict – it can be seen that one of the overwhelming reasons that New Zealand political parties no longer have strong linkages with societal organisations is that organised political social forces and movements have dissipated. Collective action has been on the decline generally throughout the Western world, and especially in New Zealand where social movements and formerly strong extra-parliamentary political groups have become shadows of their former selves. According to Vowles:

Group membership in general was high from the 1960s through to the early 1980s. However, the high point of single-issue group activity in recent New Zealand history was during the late 1970s and early 1980s, when anti-nuclear, anti-racist, and environmental activism proliferated. Party membership also increased substantially over the period, indicating a process of general political mobilisation (Vowles, 1998e: p.14).

Then during the 1980s and 1990s there was huge political upheaval due to neo-liberal economic reforms, yet the response from the left in society was minimal.75 Organisations on the left went into decline. Perhaps as a result of the economic restructuring and lack of resistance, the demoralised institutions of the left are now in a poor state, with few having any real significance in modern New Zealand society. For instance, CORSO has only a fraction of its 1980s prominence, the Coalition for Public Health had dissolved, Halt All Racist Tours (HART) is also defunct,76 and the Auckland Unemployed Workers Union is very quiet. In contrast to the 1970s and 1980s when there were a number of significant feminist organisations, there is now none of any prominence. The

75 By the end of the 1990s the level of public protest was at a relative low. Few people protested about anything. Compared to this, Jackson noted that ‘In the four years from January 1967 to the end of November 1970, no less than 339 different demonstrations in New Zealand were reported in the Christchurch Press, an average of more than one per week’ (Jackson, 1973: p.164). See: Trotter (1995d: p.6),

76 HART dissolved itself after the African National Conference declared that international sporting contact with South Africa could resume.
National Council of Women used to represent about 250,000 women through its affiliated organisations, but has recently discussed dissolution (Cleveland, 1972: p.93; Page, 1996). Similarly, the long-running feminist magazine, *Broadsheet*, ceased publication in 1997. On the far-left, too, the most significant Marxist organisations of the 1970s – the Communist Party, the Socialist Action League, the Socialist Unity Party, and the Workers Communist League – have all disappeared.77

Organisations that are neither left nor right have also been less than significant. Grey Power is about the only social movement to have any real organising capacity in relation to elections in the 1990s. Similarly, no Maori groups have any long-lasting and significant influence on national politics. Interestingly, the right and conservative political groups and institutions have fared little better than those of the left. No longer do these organisations hold much sway in shaping the political agenda. In particular, conservative and right-wing groups like the Society for the Protection of the Unborn Child (SPUC), the Society for the Promotion of Community Standards (SPCS) and other far-right or racist organisations are rarely heard of or have much influence in society. The newly-created Maxim Institute is a morally conservative interest group, but one with few apparent connections with political parties.78

Even the Business Roundtable has faded from public view and now has less credibility than before. Between the mid-1980s and early 1990s the Roundtable provided many of the innovative ideas and arguments to push through neo-liberal

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77 The most prominent extra-parliamentary left-wing organisations are now the Anti-Capitalist Alliance, the Socialist Workers Organisation, the Campaign Against Foreign Control of Aotearoa (CAFCA), Arena, and Global Peace and Justice Auckland. But none of these have any significant membership or relevance. Kelsey has acknowledged the lack of the political left in New Zealand: ‘New Zealand’s political environment became so dumbed down, and the left so marginalised, that when even business leaders and economic commentators began to concede in the late 1990s that the experiment had failed, no-one was able to capitalise on the opportunity. There was a dearth of critical analysis from the media, academics, the churches and non-government organisations’ (Kelsey, 2002: pp.62-63).

economic reform, yet in recent years it has more often found itself on the losing side of battles. This started most famously with the Roundtable’s involvement in the unsuccessful anti-MMP campaign in 1993.\(^{79}\) According to Bruce Cronin ‘the Roundtable has been weakened in the 1990s because of the relative economic decline of its core, finance sector, membership’ (Harris and Twiname, 1998: p.182).\(^{80}\) Pointedly the Clark-Labour Government has refused to deal with the Business Roundtable while dealing with other non-aligned businesspeople as well as less dogmatic organisations such as the Business Council for Sustainable Development and Businesses for Social Responsibility. Related to this, in recent years there have been many resignations of disillusioned members from the Roundtable (Rotherham, 2000).

Part of the decline in the influence and size of societal groups is simply due to a dramatic decrease of the public’s willingness to be involved in politics. As examined in chapters Six and Ten, there has been a withdrawal from politics by the public and New Zealand has shifted significantly from being a society characterised by high levels of political efficacy and participation to one where voter turnout is low and party membership is tiny. Similarly, dissatisfaction with public life has also led to a wider disillusionment with other non-political groups. Almost all major public institutions from Federated Farmers to the churches have been affected by the decline in popular participation. Even some environmental groups have been on the decline – for example, between 1985 and 1998 Greenpeace’s membership halved from 60,000 to 30,000 (Hawkins, 1998: p.5). While there are still some organisations that can attract a high number of members, the nature of this participation is open to question. For example, the Royal Forest and Bird Protection Society of New Zealand claims over 40,000 members and 56 branches, but what level of participation is involved beyond

\(^{79}\) As Steve Maharey argued, ‘the fact that [anti-MMP spokesperson] Peter Shirtcliffe was identified as a Roundtable figure made it certain that the campaign would be lost’ (Harris and Twiname, 1998: p.190).

\(^{80}\) Cronin ‘argues that evidence of the current weakness of the Roundtable is that it has failed to defeat the farming industry over the existence of the producer boards and their statutory monopoly over exports’ (Harris and Twiname, 1998: p.182). See also Tenbensel (2001: p.329), and Kelsey (2002: p.76).
sending in an annual membership fee is not known. Similarly, religious affiliations have been declining for decades.\textsuperscript{81} Long-established mass organisations such as the Freemasons and the Countrywomen’s Institute have lost large numbers of their members.\textsuperscript{82} Likewise, recruitment levels for the SPCA, the Scouts, Guides and Boys and Girls Brigades are now much lower than 20 years ago.\textsuperscript{83} New Zealand society today is more atomised and individuated, a situation that discourages a strong party-society relationship.

The decline in class politics has, of course, also affected business organisations, making them less political. As argued in Chapter Seven, since the 1950s – but especially since the end of the Cold War – collective business funding has declined, and corporations and wealthy individuals now make donations directly to political parties without the aid of intermediary business organisations. According to Michael Pinto-Duschinsky, in the UK:

\begin{quote}
The system of corporate versus trade union funding of politics probably reached a peak at the time when political conflict itself was based predominantly on class lines, with a party of business and of the middle classes competing against a party of the workers. Since the 1960s, the economies of Western countries have developed from an industrial to a ‘post-industrial’ stage (Pinto-Duschinsky, 1998).
\end{quote}

The erosion of ideology in the party system also reinforces the severing of ties between movements and parties. It can be argued that the encouragement of consensual politics creates barriers against the emergence of new ideas and movements. Differences and disagreements are minimalised and politics becomes less about principles and debate, and more about organisation and \textit{real}

\textsuperscript{81} Between the 1991 and 1996 censuses, religious denominations fell significantly, with declines for Anglicans of 100,284; Presbyterians, 82,761; Catholics, 25,500; Methodists, 17,844; Baptists, 16,542; and Ratana, 11,142 (Department of Statistics, 2000).

\textsuperscript{82} The Freemason’s Society is in significant decline, with its membership dropping from 48,000 in 1964 to only 14,300 in 2000 (Bone, 2002b: p.29). Similarly, ‘Jaycees – once the largest service organisation in New Zealand – now has only 16 clubs, and most service clubs have experienced similar problems’ (McNeill, 2002).

\textsuperscript{83} The numbers of Girl Guides have dropped from 43,000 in 1980 to just 18,500 in 2003. In the same period, the scouting organisation has dropped from 42,558 members to 15,512 (Laugesen, 1 Jun 2003).
politick, meaning that parties become less receptive to fresh ideas and new social elements.

Part of the explanation for the disconnection between political parties and interest groups or pressure groups can also be found in the rise of anti-interest group theory in the 1980s and the subsequent marginalisation of groups representing various class interests. Prior to this, governments and parties 'would be influenced in their actions by their party memberships and by the lobbying of pressure groups. Both provided a mechanism linking the government with the elector' (Jesson, 1989d). In this previous era of 'corporatism', certain interest groups were recognised by the state to be the legal representatives of the economic or social sectors they came from. This framework increased the relationship between interest groups and political parties. During the 1950s and 1960s especially, this relationship was fostered by the ability of governments to distribute patronage to their support groups. Naturally both National and Labour set up a whole range of subsidies, protective devices and incentive schemes to benefit farmers, local manufacturers, unionists and so forth. Through their connections with political parties, interest groups therefore often became part of 'the Establishment'.

84 Jackson (1973: p.94)
85 Carter argued in 1956, 'As is true of the Labor party in New Zealand, the parliamentary leader [of National] frequently consults more with powerful nonparty interest groups, e.g., representatives of the Manufacturers' Federation and other business interests, than with members of his party organization' (Carter, 1956: p.99). Even if no consultation took place, parties and governments would at least make their policy decisions with interest group reactions in mind. Jackson, writing in 1973 gave the example of internal government decisions like Cabinet allocations: 'Even today, any government making an appointment to the post of Minister of Defence, for example, will carefully bear in mind the likely receptions of such a nominee by the Returned Services' Association' (Jackson, 1973: p.93).
Chapter Five: Party Linkage to Societal Organisations

In the 1980s the Fourth Labour Government dramatically changed this relationship, adopting an anti-interest group stance and refusing to listen to or involve interest groups in the decision making process. This principle related to the 'market liberal' model of governance: 'Building on an influential public-choice analysis of interest-group politics, the model depicts interest groups as self-interested "vested" interests seeking special advantages or "privileges" for themselves which are contrary to the public interest' (Mulgan, 1997a: p.212).

The recent increase in the regulation of political parties has also tended to inhibit the linkages between parties and interest groups. For example, the requirement of political parties to disclose any large donations received means that the financial relationship between parties and other organisations is discouraged, due to the disincentive of negative publicity. Furthermore, the Electoral Act inhibits aligned groups from carrying out television advertising campaigns in support of their preferred party during an election campaign. A good example of the problematic arrangement was the refusal during the 1999 general election campaign of the Television Commercials Advisory Board (TVCAB) to allow the screening of an advertising campaign by the Engineers Union that called on voters to change the government.

Similarly, it is likely that the increasing state resourcing of political parties is also having a crucial impact on the parties and their relationships with other organisations in civil society (see Chapter Eight). By

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86 Tenbensel argues that, 'since 1984, New Zealand's political elite have taken on board the view that the role of interest groups in the political process should be minimalised. They have instituted a range of reforms that have quite clearly reduced and constrained the political space within which interest groups can operate' (Tenbensel, 2001: p.329). Mulgan has also argued that although interest groups have lost their influence with governments, 'Employers and business leaders, on the other hand, have retained their rights of access regardless of the party in power. Their support is critical to the overall performance of the economy on which any government's popularity depends' (Mulgan, 1997a: p.224). Mulgan: 'Interest group activity and influence, however, was not so much reduced as displaced (Mulgan 1994, 215). Groups that could not gain easy access to ministers as of right turned increasingly to the burgeoning firms of public relations consultants for help in getting their message through, via media publicity or informal contacts. New organisations emerged which were more attuned to the new discourse of the public interest' (Mulgan, 1995: pp.91-92). See also: Vowles (1992a: p.355), and Jesson (1992c).

87 See: Chapter Nine.
providing resources that are substitutable for those resources formerly provided by private benefactors, the state provides a disincentive for the parties to expand and develop their relationships with societal organisations.

The increasingly close relationship with the state – built on resources and regulations – is changing the orientation of political parties to societal groups. Parties have formerly regarded themselves as being societal organisations rather than public ones. The distinction is important – a societal institution is one that is part of civil society and obviously partisan, whilst a public one is something of a governmental one above civil society. It follows on from this that ‘public’ political parties should not be aligned to organised interests in society. By being aligned to trade unions or business organisations, modern political parties are seen as being sectarian or biased towards a particular group in society rather than being interested in the ‘public good’ as a whole. In this sense, all the New Zealand parties are increasingly ‘national’ parties – as the National Party was originally conceived. As shown in Chapter Four, virtually all political parties now purport to exist and operate to further the interests of all voters and social groups. To align a political party with any organised societal institution is to be seen as being in contradiction to the new consensus of ‘classlessness’.

**Conclusion**

Nowadays political parties and interest groups are inclined to see their relationships with each other as a hindrance to their operations. Such relationships reduce a party’s independence and are potentially seen negatively by the voting public. But because few deep relationships with interest groups now exist, this means parties are less stable entities. They may enjoy increased autonomy, but correspondingly they sometimes lack the political coherence and ideological stability that they once possessed. The parties are less responsive to outside organisations but are more responsive to voters from across the social
cleavages. This contributes to an unstructured and confused political environment where voters often have trouble navigating the party system.

The erosion of the alignments with societal organisations is a good indicator of the strength of party links to particular social sectors. Combined with the decline in party membership numbers and the class dealignment of party-voter relations, the divorce between parties and societal organisations means that there is now little linkage between the political parties and their key constituencies. The public relations industry and their techniques of market research have filled the gap, becoming the bridge to civil society that is professional but often insubstantial and meaningless.

The disengagement between political parties and the organised interest groups represents yet another element of the breakdown of established ties between representative political organisations and their respective class bases as discussed in Chapter Four. The decline of the class-oriented institutions that are traditionally aligned to New Zealand political parties has had the impact of reducing pressure on the parties to act in the interests of any particular class in society. Instead of appealing and responding to organised political forces that reflect classes, political parties now compete for the votes of middle New Zealand individually, guided more by market research politics. The result is that political parties have become even more afflicted by ideological erosion, and at the same time open more to either technocratic or office-seeking strategies.

New Zealand's newer political parties are mostly devoid of backing from organised social forces and this reinforces that they have started life as elite organisations. This chapter has attempted to highlight all the societal linkages and has found few of any significance. Rather than being the political expression or rallying points of any one particular organised group or segment in society, the new parties have been created from the top down – and often by politicians already in Parliament.
The roots of the old parties in society have withered, and the new parties have not been able to grow new ones. Instead, political parties appear to be little more than a collection of individual MPs assisted by cadre-type party organisations that use the mass media, state funds and party professionals to communicate with society. Rather than having distinct links with society and its interest groups, political parties are becoming more and more the representatives of New Zealand's 'political class'.
Section Three:

Party Organisation
Chapter Six

Party Organisation and Membership

One of the most obvious ways in which political parties appear to be in decline in New Zealand is their inability to recruit and retain members. The party organisations have been undergoing a remarkable transformation in recent decades, shifting from class-based mass membership parties to small professional electoral-focused parties. In terms of their structures and operations the Labour and National parties now have little resemblance to their original forms or even what they looked like in the early 1980s. Furthermore, the new political parties spawned in the 1990s, such as New Zealand First, the Green Party, Act and United Future started life with a very different organisational form to that of traditional political parties. All of these organisations are characterised by centralisation, professionalisation, a concentration of power in their parliamentary wings, weak relationships with societal organisations, and – most significantly – very small memberships.

Many theorists view membership numbers as an indicator of the organised strength of political parties and the depth of their societal connections.¹ A number of writers have noted that parties throughout advanced industrial democracies

¹ Party scholars frequently cite decreasing party membership and partisanship as evidence that political parties are declining. See: Dalton, Flanagan, and Beck (1984), Sainsbury (1985), Katz (1987), and Messina (1995). See also: Bean (1998), who argues, 'Membership of a political party is arguably the most fundamental of the various links that tie voters to parties. Without at least some branch members to give it an organisational presence within the electorate, no democratic political party could survive. As a result, changes in party membership numbers are regarded as a key indicator of whether parties are declining in western democracies' (p.108).
have been facing a membership decline since the 1960s – in both absolute and relative terms (Katz 1987; Widfeldt 1992). New Zealand is regarded as having had the greatest decline in the OECD. Between the 1950s and 1990s New Zealand party membership as a proportion of the electorate fell, according to Susan Scarrow, from 23.8 percent to only 2.1 percent – a decline of 21.7 percentage points. Other notable OECD declines involved percentage point declines of 5.9 in France, 8.1 in the United Kingdom, 10.7 in Italy, 12.6 in Denmark, and 16.3 in Sweden (Scarrow, 2000: p.90). Of the 16 OECD countries studied by Scarrow, New Zealand had the third lowest membership ratio.

That New Zealand constitutes a particularly advanced case of party membership decline can be seen in the fact that whereas the National and Labour parties were once able to claim branch memberships of 250,000 and 80,000 respectively, today National only has about 20,000, and Labour about 14,000 members. Likewise, the new parties of New Zealand First, the Greens, Act, and United Future probably only have about 15,000 members between them. It seems that fewer New Zealanders belong to political parties today than at any time since the establishment of the two-party system in the 1930s.

This chapter argues that this membership decline – together with the other organisational changes – reflects a significant evolution from the class-based mass party model of organising to that of the electoral-professional type, a model of party that is dominated by party professionals and is highly focused on the search for electoral success, rather than the pursuit and promotion of political ideals. This shift represents a decline in the linkage between parties and civil society. The modern party structures now play a weak role in connecting society to the arenas of state power, thus reducing the extent to which parties function as

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2 Alternatively, according to Tan, as a percentage of the total electorate, membership has declined in the following countries from the 1960-69 period to the 1980-89 period: Denmark: 21.1, 6.5; Finland: 19.0, 15.0; Italy: 13.0, 10.0; Netherlands: 9.4, 2.9; Switzerland: 25.0, 10.0; and UK: 9.4, 3.3 (Tan, 2000: p.7).

3 Compared to New Zealand's 2.1 percent in the 1990s, Australia and France had 1.5 percent, the UK 1.9, Germany 3.2, Switzerland 8.7, Finland 10.5, and Austria 17.1.
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outlets for, and stimulants to, civic participation. In this situation, parties are failing as community-based agents of political socialisation, mobilisation and integration. Instead party professionals now mediate the divide between state and society, but are unable to fulfil the same functions as the class mass party. The fact that these political organisations no longer play the same role in the functioning of democracy that they did for most of the twentieth century therefore leads to suggestions of decline. By this, commentators and theorists do not necessarily mean that parties are disappearing or face extinction, but that they are seen to fail in many of their traditional functions and are becoming increasingly marginalised. Such a view has become increasingly popular within the study of political parties, with various theorists concentrating on different features of this decline. The demise has been a central feature of such diagnoses of

organizational ‘contagion from the right’ (Epstein 1980: 257-60), the spread of the ‘catch-all party’ (Kirchheimer 1966), the rise of the ‘rational-efficient’ party organization (Wright 1971), the advent of the ‘electoral-professional party’ (Panebianco 1988), party ‘cartelization’ (Katz and Mair 1995), the ‘crisis of the mass parties’, and even ‘party failure’ (Lawson and Merkl 1988) (Scarrow, 2000: p.82).

This chapter therefore extends the focus of this thesis on party decline to examine the New Zealand parties as membership-based organisations, asking how relevant the mass party model is to the modern party system and how the shift to new organisational forms contributes to decline. A focus on this shift is important because it seems to be both a cause and consequence of the weakening of linkage between citizens and the state (Scarrow, 2000: p.84). It suggests that the New Zealand parties are now characterised more by the electoral-professional party model, and that an understanding of this model can explain much about the ideological erosion in contemporary politics. Part One of this chapter looks at the evolution of party types over the last century. Part Two explores the membership history and current details of the individual political parties. Part Three proposes some explanations for the decline in party membership in New Zealand. Part Four explores some of the implications of the
low levels of party membership, arguing that it contributes to the erosion of ideology. This section also discusses the relationship between party membership and the shift to MMP, and outlines some future possibilities for membership in New Zealand.

Part One: Evolution of Party Types

Many party theorists detail a number of stages that the Western parliamentary party institution has evolved through during the twentieth century. Despite some variation, there is a general consensus that at the start of the century an elite-cadre type of party prevailed, which was then replaced by the mass party in the 1930s, which was superseded from the 1960s onwards by the ‘catch-all’ or electoral-professional type. This section outlines these ideal types and discusses how they relate to New Zealand political development.

The Elite-Cadre Party

As in other advanced industrial democracies, the New Zealand political parties at the start of the twentieth century were typically elite-cadre type parties, in which few participated. These organisations were mostly active and prominent at election time, when they sprung into life to aid the election of parliamentarians, who were generally the people who created the parties. The organisations were typically financed by only a small number of wealthy supporters, and led by the politicians themselves.

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4 For example, Maor provides a summary of the transition of parties through a four-stage process: ‘elitist, electorally-oriented party organisations tended to give way to mass, purposive (i.e. policy-oriented) parties, which then tended to be replaced by new professional, electorally-oriented, catch-all parties, which were in turn replaced by cartel parties’ (Maor, 1997: p.112). However, a good argument can be made that this fourth party type (the cartel party) is actually only a variant on the third (the electoral-professional party).

5 In this sense there was really only one proper element to the party – the parliamentary party, as each party had no substantial extra-parliamentary organisation.
This was particularly the case with the establishment of the Liberal Party in 1889 and its election to government a year later which provided a watershed in the development of party politics in New Zealand.\(^6\) The organisation of the party was firstly as an ‘association’, later becoming a ‘federation’, an elite organisation of notables rather than anything resembling a mass membership party. Its organisational capacity was clearly directed to facilitate the activities of its parliamentary leaders rather than any wider societal function. According to Chapman, the organisation was ‘more effective at raising sizeable contributions from a few and for coordinating party leaders’ tours and publicity than for gathering membership fees or regularly talking and listening to members out in the scattered electorates’ (Chapman, 1989: p.18).\(^7\)

The establishment of the Reform Party in 1909 clearly mimicked the organisational nature of the Liberals, again adopting a top down structure and providing the right for the MPs and their elite supporters to formulate the party’s policies (Chapman, 1989: p.18).\(^8\) In a very short period of time the institution of the party was integrated into the political culture, and parliamentary politics became synonymous with party politics. The party organisations continued to operate essentially as committees of notables, whose main concern was with winning elections and returning a team of candidates to public office. That this continued for some time was largely because parliamentary politics began to develop in a period (1850s-1890) when there was only a limited property franchise and, even after that, electoral affairs were largely managed by the

\(^6\) Although it then took a few years for opposition forces to develop themselves properly in response to the Liberal Party, it was from this point that political parties became the real basis of the New Zealand Parliament. All of these parties were elite-cadre based organisations. Within the parliaments prior to 1890, the existence of the party institution was underdeveloped, and although some proto-parties existed from the late 1870s, they failed to evolve into proper parties. The slow development of parties was related to backward social conditions, the dispersed nature of the settlements, slow communications, and the politics of provincialism (Chapman, 1989: p.15).

\(^7\) See also: Hamer (1988).

\(^8\) See also: Milne (1966: p.169).
middle class. As time went on, however, the New Zealand cadre parties adapted to universal suffrage, just as Maurice Duverger described the European parties doing. But these original parties – the Liberals, Reform, and then United – essentially remained in their traditional elitist form.

**The Class Mass Party**

The establishment of the Labour Party in 1916 heralded the arrival of a new form of party organisation, the class mass party, which would eventually characterise all parties in New Zealand. Based on a union-model of organising, the mass party model was supposed to be a large body of fee-paying members, who through their branches, electorates and conferences, contributed to the democratic decisions of the party, such as policy formulation and the selection of candidates. This model was therefore characterised by a programmatic emphasis and the goal of a large democratic movement.

Unlike the elite-cadre party that preceded it, the mass party attempted to maximise its membership, organising itself primarily in the electorate, where it had educative and social functions. The highly democratic nature of the party was apparent in that party finance came in small amounts from many sources, and an army of activists carried out the party work, such as publicity and canvassing. The organisation of the mass party was also more centralised and more structured than that of the elite-cadre party. For this reason the model is sometimes termed the *bureaucratic* mass party.9

Significantly, this new party-type was more programmatic than anything that had gone before. Whereas the elite-cadre model was preoccupied with electoral success, the mass membership party was typically concerned with formulating policy and membership participation. The organisation’s main function was to devise a comprehensive set of policies to present to the electorate, which was

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9 It is referred interchangeably in this thesis as the ‘class mass party’ or ‘mass party’.
related to a distinctive ideology. In line with this, because members in a mass party were ostensibly interested in matters of doctrine and policy they remained active between elections. In its classic form, parliamentary activity and success was not the 'be all and end all' in the mass party, nor was it even necessarily the final goal. In its heuristically pure form, the principal objective of the mass party was to advance an ideological goal, and for many of those involved, the decision to participate in electoral activity was merely a tactical one that was seen as a means of getting its views across to the community.

The mass membership party model originated on the left of the political spectrum, yet Duverger's conclusion was that, because of the success of left-wing mass parties, they would be emulated organisationally by their conservative opponents who would abandon the elite-cadre model. This did in fact happen, and in New Zealand Duverger's 'contagion from the left' meant that the parties of the right reconfigured themselves after the 1935 election of the First Labour Government, with the resulting body, the National Party, becoming a hierarchically-structured, mass member party which was very different to its Liberal, United and Reform predecessors.10

Throughout the world the new mass membership parties clearly belonged to civil society, and according to Peter Mair, 'sought to express and then implement the interests of their constituency within public policy' (Mair, 1997: p.125). Strongly rooted in distinctive parts of the community, these mass parties were hierarchical and disciplined, and emphasized the engagement and involvement of the citizenry (Mair, 1997: p.125). In line with this, the success and strength of such parties was measured by their relationships with civil society – in particular by membership numbers. Attention given to the parties – academic or otherwise – was therefore focused on both the parliamentary wing and the extra-parliamentary party made up of members, branches, a head office and its office holders.

Electoral-Professional Party

Duverger did, however, argue that the process of contagion from the left might eventually be reversed, with left-wing parties adapting some sort of cadre-type structure. A significant evolutionary change in party types was first noted by Otto Kirchheimer (1966) and Leon Epstein (1967), who both saw that the mass parties of Europe were – in an electoral sense – becoming obsolete and inferior to the political parties of the United States, which were more elite and cadre-like. Epstein's *Political Parties in Western Democracies* (1967) amounted to the most significant revision of Duverger. Epstein perceptively pointed out that although the mass party ideal-type had become the standard model for both left and right parties, its usefulness appeared to have declined, and that eventually, therefore, contagion from the right was likely to take place, as the mass membership party declined and was replaced by parties that were more exclusively concerned with electoral success and organised along smaller and more professional lines. The old elite-cadre organisational model was therefore re-emerging, but as a new variant of this old party type.

This is exactly what happened in New Zealand, most notably since the 1960s. It is the argument of this thesis that in New Zealand today the mass party type and ethos is clearly extinct. None of the parties possess dominant or substantial extra-parliamentary organisations. They may still have the legal or official appearance or status of authority but they are in reality all greatly subservient to the parliamentary wing. In some ways the New Zealand parties still look like mass parties in that they have regular members, branches, party conferences and so forth, but in practice they all emphasise the role of the parliamentary party as being at the top of the structure and the role of the extra-parliamentary organisation and membership as the supporters of the parliamentary leadership.
It was the effect of the quickly-developing mass media, Kirchheimer argued, that was providing party leaders the capacity to market their parties to the whole electorate, in a similar way to businesses selling to consumers (Kirchheimer, 1966: p.192). This was an important part of the emergence of the new party model which was termed the ‘catch-all party’ by Kirchheimer, but which is generally now seen within the party literature as being an early form of the ‘electoral-professional party’. Kirchheimer is particularly noted for his sociological argument that in the postwar period parties have been transforming from class-based parties into vehicles with much more heterogeneous social support. Kirchheimer argued that modern parties were increasingly attempting to attract votes from whatever social groups they could, and this was having a highly significant effect on ideological competition. In contrast to the class-based mass parties which behaved almost as electoral pressure groups of specific social constituencies, the new electoral-professional parties aimed at more immediate success by appealing to a wider market of voters. They therefore formulated programmes which were not so strongly partisan or divisive, but which could claim to serve the interest of the whole electorate.

The idea of catch-all parties therefore tied in with the ideas of the ‘end of ideology’ in the 1960s and the weakening of social cleavages that had previously been the foundation of stable party systems (Broughton and Donovan, 1999: p.4). In line with this, the parties moved from stressing comprehensive programmes to emphasising specific issues. The importance of leadership also became more emphasised – with parties promoting the technical and managerial qualifications of their candidates. This form of party also made for politics based around individual political personalities. In this new schema of party politics,

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12 It seems that once in power the party leaders of mass parties have found great reason to shift their organisations towards the catch-all model. According to Kirchheimer, the drive for ongoing success pushes parties to broaden their appeal beyond their original and distinctive class support (Kirchheimer, 1966: p.190).
elections revolve more than ever before around a choice between politicians rather than between policies or programmes.

In this model, according to Moshe Maor, parties are typically responsive rather than representative, using ‘extensive polling research to formulate many presentational strategies aimed at convincing people that their policy platform accords most closely with the views of voters’ (Maor, 1997: p.106). Kirchheimer was particularly critical of this simple reflection of the shifting moods of the electorate:

The instrument, the catch-all party, cannot be much more rational than its normal master, the individual voter.... The voters may, by their shifting moods and their apathy, transform the sensitive instrument of the catch-all party into something too blunt to serve as a link with the functional powerholders of society (Kirchheimer, 1966: p.200).

This catchall phenomenon contributes to policy convergence because the need to maintain a distinctive constituency through doctrine and policy becomes further undermined, thus encouraging 'a waning of the ideological and/or policy distinctiveness of the parties' (Katz and Mair, 1997: pp.102-103). As a result of the highly responsive nature of electoral-professional parties, 'Any firm commitment to anything beyond a vague promise of "better days ahead under us" is antithetic to the style of a catch-all party – it may alienate some voters' (Jaensch, 1994: p.243).

Most party theorists have seized upon only these ideological issues in understanding Kirchheimer's thesis.14 The Italian political sociologist Angelo Panebianco (1988) argues that theorists have been inclined to over-emphasise a sociological reading of Kirchheimer's analysis, concentrating on the shift away from class-based support to much more heterogeneous electoral support.15

14 For although it is thought that the catch-all party model that Kirchheimer studied was primarily significant because of its heterogeneous approach to classes, his new party model was also characterised by significant changes in its organisational nature.
Panebianco’s analysis of the electoral-professional party concentrates more on issues of organisation. He distinguishes the new party form by its reliance on professionals, its use of new forms of communication techniques, and the strengthening of the role of leadership. Panebianco has therefore argued that the term 'electoral-professional' party is preferable to catch-all party because it emphasises the ‘professionalisation’ of the new model and underlines the crucial organisational difference between mass parties and the new party type. In this new arrangement, the traditional party office holders are displaced by professionals with both technical and political skills, which are of more use in the modern media and political environment. The role of professionals not only increases in the parliamentary offices of the parties, but also in the extra-parliamentary party organisation.16

The whole function of the extra-parliamentary party organisation changes under the electoral-professional model. While the mass party performed an integrative and expressive function in society, the electoral-professional party is preoccupied with winning elections and therefore more narrowly involved in the recruitment of leaders, the legitimisation of authority, and generally publicising the parliamentary leadership. This means that the activities of the party organisation that were previously directed towards the organisation and maintenance of the party in the electorate are now overtaken by the mobilisation of support in the electorate at large. The role of servicing and organising the party membership and generally building the party in the electorate becomes downgraded and secondary to winning votes. While this is partly due to the decreasing amount of people belonging to the parties, it is mostly because the party leaders have no significant roles for members to play and contribute to their parties. The effectiveness of professionalisation means that it is far better for a party to put the bulk of its resources into electoral-related activity than party-building.17 In general, both the

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16 See: Mair (1997: p.145). The growing professionalism of the parties can be seen in their accumulation of capital resources, as examined in Chapter Seven.

17 Party leaders also have 'less interest in catering for the interests and opinions of the rank-and-file in the intra-party decision-making process' (Pierre et al., 2000: p.3). Leaders are therefore less likely to encourage
national office and the membership still have a role in the campaign – but not the central role they once had. While they still carry out much of the logistical operations of the campaign, they do not generally have the actual control over decision-making that they once possessed. In a sense, then, the extra-parliamentary organisations are now akin to ‘service organisations’ carrying out the demands of the party professionals and politicians in Parliament. Meanwhile ‘the parliamentary party has become increasingly self-sufficient and autonomous from the central party office’ (Farrell, 1994: p.224).

The increasing reliance on capital resources instead of labour resources is also a key element of the transition from the mass party model to the electoral-professional party model. Previously, the mass membership party could not afford to hire much professional labour and, therefore, offered members policy promises in exchange for their involvement (Maor, 1997: p.97). It is partly for this reason that such parties were marked by ideology. In contrast, electoral-professional parties are generally more able to rely on professional labour, thereby avoiding the exchange relationship with the membership. The necessity for modern political parties to have large capital resources – as examined in Chapter Seven – is also part of what drives them to the electoral-professional model. The campaign technologies of today are very sophisticated, and require greater resources of capital than labour.

Clearly the hierarchy and dynamics of power have been re-arranged. Previously the party in the electorate was often as politically powerful as the parliamentary wing, and the party officials played a mediating role to ensure that the will of the party in the electorate prevailed over the politicians. Under the electoral-professional model, the party organisation clearly follows the dictates of the parliamentary leadership (Mair, 1997: p.145), and the leaders of the

the traditional-type of representative party structures that ‘function as participatory, representative and communicative channels in the political system’ (Pierre et al., 2000: p.3).

18 An examination of the capital resources of the New Zealand political parties follows in Chapter Seven.
parliamentary wing are both more autonomous and dominant within the party. This is largely because they no longer require a strong party organisation.\textsuperscript{19} Instead they can appeal to all voters through the link of the mass media and other modern campaign resources. Also, with fewer members, the autonomy of the parliamentary wings has consequently grown. For example, the parliamentary wings of the parties have often taken full control of the policy-making process, in which the membership and extra-parliamentary organisation were once reserved a key role.\textsuperscript{20}

The extra-parliamentary national offices of the parties have also declined significantly. Increasingly, Western political parties carry out their traditional organising functions from within their parliamentary offices. Certainly in New Zealand it is often from Parliament that the parties now create policy, communicate with voters and members, create strategy, fundraise, and research material for policy. The extra-parliamentary organisations still play a part in holding annual conferences, but these have changed a great deal, and are, more than ever, showpieces for the parliamentary wing to court the media.\textsuperscript{21} That the conferences are forums empty of any decision-making politics is illustrated by the fact that discussion and voting on remits now forms only a minor part of the agendas.

\section*{Part Two: Party Membership Numbers}

The most obvious way in which the parties now organise themselves differently is in their orientation to membership. A spectacular collapse of New Zealand party

\textsuperscript{19} Katz and Mair (1997: p.96).

\textsuperscript{20} According to Maor, 'The decline in party membership and party activism during 1960-92 is in stark contrast to the growth of autonomy of the parliamentary groups. Individual members seem to be playing a subordinate role in policy-making, and their only significant power has been to select parliamentary candidates' (Maor, 1997: p.122).

\textsuperscript{21} Party conferences are increasingly like US Party-style rallies for leaders.
membership began in the 1960s and, despite a recovery in the late 1970s and early 1980s, has continued to decline. This has meant that the political parties in Parliament are now low-membership, cadre-type institutions, which are more reliant on the resources of the state and on business donations.

It is important to clarify exactly what the definition of political party membership is. This allows a better idea of the validity of party figures. For the purposes of this chapter, a distinction is made between those party members who have joined the main body of the party – direct members – and those that belong to an affiliated organisation – indirect members. It is less common in contemporary New Zealand politics, but some Western political parties have affiliated organisations that appeal to particular groups – typically trade unions. For the purposes of this thesis, only the direct members count as full party members, although indirect/affiliate members are also of some interest. The party literature generally regards indirect/affiliate members as problematic, mainly because, ‘An unknown proportion of the indirect members may, in fact, be quite ambiguous in their allegiances to the party. There may be cases of indirect members who support other parties’ (Widfeldt, 1995: p.137).

Even the figures for the direct membership of the parties are questionable. All political parties are prone to exaggerate the size of their memberships, as the parties like to ‘maintain at least the image of a mass party’ and members in this sense legitimise the parties, showing that they are ‘viable channels for political representation’ (Mair, 1997: p.148). Hence, there are also often reliability problems with the claims of the parties about their membership size. In addition,

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22 This has an important implication for the membership figures: for if the affiliate trade union membership of the Labour Party is included (which currently pay fees at about ten percent of the cost of ordinary membership) then in 1986, for example, the Labour Party could be said to have had about 250,000 members, whereas the party claimed only 65,000 members.

23 Blondel has argued for the primacy of direct individual membership in political parties, stating, ‘individual membership has long been thought to be the basis and main characteristic of modern political parties... membership is held to be the result of the voluntary and indeed deliberate action of individuals wishing to show that they approve of a party ideology and programme’ (Blondel, 1978: p.145).
internal party records are also prone to mistakes, such as multiple recording of individuals. A loose definition of membership may have been responsible for the incredibly high membership numbers reported by the National Party in the 1950s and 1960s and the Labour Party around the early 1980s. Especially in the case of National, there is some evidence that the simple act of making a small donation to a party canvasser was regarded as bestowing the status of membership. In this sense, there is often a blurring of the separation between the categories of supporters and members. Also in the case of National, often whole families have been enrolled as members, which might suggest a less than robust and meaningful concept of membership.24

There are great difficulties in obtaining internal information about political party membership numbers. Because the parties operate in an obviously very political environment, they function as secret societies, on guard against the preying of their opponents. As numbers decline and remain low, the New Zealand parties have become even more guarded about their current membership statistics.

There have been times, of course, when the parties have declared their membership figures,25 or they have been leaked. The validity of these figures, however, is often questionable. Not only do parties deliberately exaggerate their figures, but some membership figures include people who are merely in affiliated organisations,26 while other figures include people who have ceased to pay their

24 See: James (James, 1994)j, who argues that, 'Whole families can be signed up for a few dollars, including children who presumably give limited consideration to the pros and cons. Some members, according to repeated statements during debates at divisional conferences this year, are "50c members", many are "$1 members". If all 55,000 claimed members were required to pay Labour's minimum $11 fee, National might not outnumber Labour as dramatically as it now appears'. See also: Gustafson (1986: p.200).

25 For instance, in 1985 the Royal Commission on Electoral Reform requested and received information from all the main political parties about internal information such as membership numbers. There are also a number of newspaper reports and interviews where party officials have been quoted on membership numbers, and the Electoral Commission requests information from the parties on membership numbers every three years at election time (when allocating broadcast time and money).

26 Figures for the Labour Party sometimes include the many affiliated members in trade unions who do not constitute ordinary branch members.
party dues, and some membership numbers are really only the figures of those people on a party's general mailing list of interested or sympathetic voters.\textsuperscript{27} There have also been some academic and state surveys which enquire about party membership. Such surveys must also be taken with caution as this method usually results in inflated membership numbers. According to party scholar Anders Widfeldt, this is because, 'it is likely that people who are not willing to cooperate in a survey are also less likely to be party members, and thus are over-reported in the sample loss; in other words, a risk that the proportion of members is exaggerated' (Widfeldt, 1995: p.141).\textsuperscript{28}

There is some debate in the political party literature about how best to measure and compare membership numbers. This chapter is mainly concerned with the raw membership numbers. According to Scarrow, using 'absolute membership figures may be best for judging the aggregate strength and political capacity of grass-roots party organizations, showing whether parties have sufficient supporters to maintain some kind of presence at the local level' (Scarrow, 2000: p.87). However, there is sometimes a need to frame membership figures for some comparison, and so this chapter also makes use of membership measured by the ratio of members against votes received by the party (M/V). According to Scarrow, 'if the aim is to compare particular parties' success in providing supporters with an organizational home, it makes sense to standardize membership in terms of party vote' (Scarrow, 2000: p.87). Some authors, such as Katz and Mair et al. (1992: p.331) 'have dismissed the first two measures as

\textsuperscript{27} The meaning of the term 'party membership' and the criteria for membership is also contested. Both the Labour and National parties have claimed that they only allow a person into their parties after they are accepted by a vote in the party branch in which they live, but the standard practice for enrolling as a member is simply to send in a signed membership form with the necessary membership fee. Furthermore, nearly all the political parties allow people to join up through the party's website.

\textsuperscript{28} A second surveying problem identified by Widfeldt concerns the issue of affiliated membership: some affiliated members 'may answer "no" to a question about party membership because they are unaware of it, have forgotten about it, or because they do not consider themselves as real members. At the same time, however, some [affiliated] members may answer "yes", even if they would really prefer not to be members' (Widfeldt, 1995: p.141).
unsatisfactory because they do not take adequate account of the context of party development and the relationship between organizational and electoral success' (Scarrow, 2000: p.87). Richard Katz and Peter Mair suggest that membership be framed as part of the overall electorate, by measuring the ratio of members against the whole electorate (M/E). This is the third measure this chapter uses. Scarrow says that 'If the aim is to assess the extent to which parties provide outlets for citizen political participation, it makes sense to standardize party membership in terms of the total electorate' (Scarrow, 2000: p.87).

For Scarrow's compilation of the New Zealand figures for this last method (M/E), see Figure 6.1 (which is based on the membership numbers in Table 6.1, which shows the combined membership figures for all the parties for the last five decades). This data suggests a very dramatic fall in party membership in New Zealand, from nearly 24 percent of the electorate in the 1950s to only 2 percent in the 1990s. According to Scarrow's international comparisons, New Zealand parties have been afflicted by a greater membership decline than in any other of the 14 OECD countries she studied.

**Figure 6.1: Membership/Electorate (Scarrow Data)**

![Graph showing percentage of Electorate from 1950 to 1990](image)

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29 The electorate is defined for this purpose as 'those eligible to vote'.

Chapter Six: Party Organisation and Membership

Table 6.1: Aggregate Party Membership (Scarrow Data)

<table>
<thead>
<tr>
<th>Year</th>
<th>Aggregate Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>288,000</td>
</tr>
<tr>
<td>1960</td>
<td>264,000</td>
</tr>
<tr>
<td>1970</td>
<td>288,000</td>
</tr>
<tr>
<td>1980</td>
<td>167,000</td>
</tr>
<tr>
<td>1990s</td>
<td>50,000</td>
</tr>
</tbody>
</table>


A slightly less pronounced and steady decline is plotted by Jack Vowles (2002), seen in Figure 6.2 (based on the membership numbers in Table 6.2). This data shows that about 22 percent of the electorate was enrolled in parties in 1954, and this dropped by about half in the early 1970s, and then declined further in the 1980s and 1990s. Vowles' membership figures are more detailed than Scarrow's, and generally they are very credible, except for the 1996 and 1999 figures, supplied by the Electoral Commission which are probably over-stated. The 20-odd parties registered with the Commission together claimed 153,000 members in 1996 and then 132,890 members in 1999. Unfortunately, these totals include Labour's affiliate membership, which is not included in the previous figures, and probably should not be compared. Therefore included in the Electoral Commission's figures of 153,000 and 132,890 were about 40,000 unionists who were 'members' of the Labour Party by way of union affiliation rather than being direct members. Consequently, the number of New Zealanders that were direct branch members of political parties in 1999 was probably more like 113,000 in 1996 and 93,000 in 1999. As a proportion of 1999 eligible voters, therefore, party membership density was probably about 3.3 percent instead of 4.8 percent, as claimed by Vowles. A revised version of these figures is in Appendix A.

30 According to Vowles, the affiliated membership of Labour in 1996 was about 40,000 (2002b: p.418).
Survey research also confirms these trends, and suggests some similar levels of party membership. Figure 6.3 includes the results of surveys carried out by (1) Austin Mitchell in 1966, (2) Stephen Levine and Nigel S Roberts over the 1970s, 1980s and early 1990s, and (3) by the Electoral Commission in 1994 and 1997. Mitchell’s 1966 survey suggested a membership of 28 percent of the electorate.

31 Vowles states that the figures for 1996 and 1999 include ‘members of Labour’s affiliated unions not included in the data in 1990 and earlier’ (Vowles, 2002: p.416).
According to the survey work of Levine and Roberts, about 20 percent of the electorate belonged to parties during the 1970s and first half of the 1980s, but by 1990 this had dropped to only 14 percent (Levine and Roberts, 1992c: p.71). Since then the Electoral Commission's research has indicated numbers to have declined further to 6.5 percent in 1994, and then 4 percent in 1997. The survey also indicated that 19.5 percent of the voting-age population had previously been members of parties (Harris, 1997a: pp.15-16). The survey data is anomalous with that of Scarrow and Vowles because the decline in numbers appears to occur much later in time. This could be the result of a time lag expressed by the survey method, as many of those surveyed may have claimed to be party members long after their membership had lapsed.

The downward trend in membership numbers during the late 1990s (and through to 2002) is also confirmed by aggregate membership figures released by the Electoral Commission for Labour, National, the Greens, the Alliance, Christian Heritage, United Future, and the Aotearoa Legalise Cannabis Party. Since 1996 when the Electoral Commission first began allocating election broadcast funding,
all these parties have supplied membership information to the Commission, and thus it is possible to compare the aggregate figure for these seven parties over the three election period. The Commission includes the Greens in this three election comparison on the basis that its membership was combined in the Alliance's 1996 figure, and it includes United Future on the basis of including the memberships of its component parties in the 1996 and 1999 figures. Excluded from the comparison are parties such as Act, New Zealand First, and the Progressive Coalition Party, all of whom did not submit membership numbers for all three elections. As shown in Table 6.3 below, the aggregate membership for all seven parties has declined significantly over the three elections, from 115,093 in 1996 to 83,944 in 2002. It should be noted that these figures include Labour's affiliate members. Paul Harris, the chief executive of the Electoral Commission, comments further on these figures:

Of the 7 parties for which we have information for both 2002 and 1999, 4 had falling memberships and 3 had increasing memberships. Of the 6 parties (i.e. excluding the Greens) for which we have information for both 1999 and 1996, 4 had falling memberships and 2 had increasing memberships. Of the 6 parties for which we have information for 2002 and 1996, 4 had falling memberships and 2 had increasing memberships (Harris, 2003).33

Table 6.3: Aggregate Membership for Seven Parties – Electoral Commission

<table>
<thead>
<tr>
<th>Year</th>
<th>Aggregate Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>115,093</td>
</tr>
<tr>
<td>1999</td>
<td>103,021</td>
</tr>
<tr>
<td>2002</td>
<td>83,944</td>
</tr>
</tbody>
</table>

Source: Harris (2003).

The following sections detail the quantitative and qualitative changes in the memberships for the individual parties.

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33 In addition, Harris notes 'You can't assume that the same parties rose or fell in each case. In addition, whether a party rose or fell can be affected by whether it acquired or lost component parties, e.g. United Future NZ and the Alliance' (Harris, 2003).
Chapter Six: Party Organisation and Membership

The Labour Party

Traditionally the Labour Party has had two types of members: direct branch members and indirect members in unions affiliated to the party. Typical of social democratic parties generally, Labour was established early in the century as the political wing of the industrial labour movement, and was therefore actually set up and financed by the trade unions – hence their privileged role in the party over the following decades. The branch membership component of the party was an afterthought, only coming into existence so that the party could make use of its non-union supporters. Even by the time the party took power in 1935, Labour only had 8300 branch members compared to an industrial membership of 23,814 (Gustafson, 1992b: pp.274, 275). More recently, the affiliate union membership has ceased to have any real relevance in the party, and the only meaningful membership figure is that of direct members.

By the end of its first term in government (1935-38), Labour Party membership had surged to 51,174 (Gustafson, 1976a: p.10). However, the story of the party's membership since then is that of a membership in decline. According to Barry Gustafson, ‘despite a temporary resurgence in the mid-1950s, Labour’s grass-roots membership became very sparse and withered, dropping to a mere 13,476 in 1969 (Gustafson, 1992b: p.275).’ In fact, membership as a ratio of the electorate (M/E) declined much more drastically. According to Douglas Webber, it fell by 85 percent between 1940 and 1969 (Webber, 1978: p.190). Likewise, Gustafson has used membership as a ratio of Labour’s voters (M/V) and calculated that during the period 1938 to 1969 membership fell from almost one in 13 Labour voters to less than one in fifty (Gustafsonb, 1976: p.10).

34 Jesson has pointed out that 'Even in Auckland, the party's largest and most important region, there were only 2,695 members in 1970, with probably only a few hundred activists and a handful of stalwarts running most electorate organisations' (Jesson, 1989a: p.25). A 1971 membership of about 120 in the Wellington Central electorate also suggested a collapse in Labour Party affairs (Shand, 1978: p.174).
During the first half of the 1970s, the party's membership remained at about 14,000, and then fell even further after the Third Labour Government's defeat in 1975. By this time the working class component of the party had largely fallen out of the membership, as evidenced by the decline in the traditionally large working class branches, while the branches in the more marginal (and hence middle class) electorates fared better. Not only was the Labour Party now largely without a working class branch membership, but the trade unions too, according to Webber, had either 'relinquished or been dispossessed' of their power within the party (Webber, 1978: p.191).

In the mid-to-late 1970s, under the presidency of Arthur Faulkner and then Jim Anderton, Labour embarked on a modernisation drive to rejuvenate the party organisation. According to the membership figures of Webber and Colin James, the branch numbers quickly rose to 55,000 in 1976 and then about 80,000 in the early 1980s (Webber, 1978: p.191; James, 1987a: p.32). In 1986 the party claimed to the Royal Commission on the Electoral System (RCES) that they had

35 Comparing the dismal state of Labour's membership to that of National's then purported 200,000 members, Alexander Davidson argued that rather than being classified as a mass party, the Labour Party had become 'a cadre party in its organisation, membership and elite recruitment' (Davidson, 1989: p.351). Webber also commented that branch membership was so low 'that the party's ability to organise its potential supporters for electoral purposes - the most important activity of a pragmatic party - was open to considerable doubt' (Webber, 1978: p.190).


37 According to Levine, 'The 1976-8 membership drive appears to have returned the party to its late 1930s peak of around 50,000' (Levine, 1979: p.72). James has stated that Anderton was able to increase the membership to around 80,000 in the early 1980s, and Anderton himself claims that membership reached the 100,000 mark in 1981 (James, 1987a: p.32; McLennan and Rentoul, 1989). According to Bain, the numbers reached 49,837 in 1981, and Grafton has produced a figure of 65,000 that he claims was the party's peak in 1983 (Bain, 7 Oct 1999: p.8; Grafton, 1990: p.16). By the time of the 1984 general election, the Labour Party was apparently claiming to have 100,000 members (Walker, 1989: p.217), although according to Jesson this figure was the amount of people on the party's mailing list rather than actual paid-up members (Jesson, 1989a: p.46). James has cited the 1984 membership as being 'around 50,000' (James, 1990a: p.66), while Kelsey has produced a figure of 45,000 (Kelsey, 1995: p.36). Anderton later claimed that membership at that point had actually fallen to 40,000 - a figure also backed up by other Labour Party office holders (McLennan and Rentoul, 1989).
about 50,000 direct members (RCES, 1986: p.212). Following their re-election in 1987 Labour's membership declined markedly, according to Gustafson, 'to 27,000 in 1987 and to only 11,000 by May 1988' (Gustafson, 1992: pp.275-276). The political programme and behaviour of the Fourth Labour Government clearly offended many traditional Labour Party members. By 1990 official Labour Party records show the membership of the party to have dropped to only 6987 (Sheppard, 1999: p.215). Labour was once again a cadre party.

Following the party's subsequent defeat, and throughout the early 1990s, membership remained at its previous low levels. James, for instance, cited a membership figure of 13,000 in 1991 (James, 1991c: p.17). Then membership hit its lowest point in 1994 following the replacement of Mike Moore as party leader by Helen Clark, when many of Moore's supporters left the party in the aftermath of the bitter struggle (Allen, 1999). Membership figures subsequently hovered around the 5000 mark. In fact during April 1994, disaffected Labour MP and caucus secretary Jack Elder leaked internal party information which showed that membership had declined from 5600 to 3600 (Underhill, 1994a: p.9).

In November 1997 it was reported that the Labour Party had recorded a rise in its membership from 5,000 to 6,500 (Edwards 1997c: p.7; Herbert, 1997). According to Nick Venter, party 'president Michael Hirschfeld told the [Labour] conference membership was up 31 percent on last year' (Venter, 24 Nov 1997: p.2). It was also reported that in 1997 Labour had 'raised its Maori membership by more than 50 per cent' (Herbert, 1997).
decade of falling numbers Labour had managed to reverse the decline, but despite the party’s success in the polls a significant-sized membership eluded the party.\textsuperscript{41} Despite the many campaigns to revitalise membership numbers, Labour’s party organisation obtained few new members and has essentially remained a cadre organisation. The most recent figure reported is a membership of 14,000 (Tunnah, 2002). The Labour Party has gone from apparently having one of the largest per capita memberships of any Labour Party in the Western world, to now possibly one of the smallest whilst in government. Making the assumption that Labour had about 14,000 members in 2002 means that in relation to its 838,219 voters Labour now has a very low party membership density (M/V) of only 1.7 percent (see Appendix A).

This history of the Labour Party’s membership numbers in this chapter is made up from the estimations and statements made on the topic by commentators, politicians and the parties – of which there are 109 recorded figures. These numbers are found in Appendix B. These estimations and declarations – which are of varying reliability – can also be seen on a timescale scatter-plot in Figure 6.4. This graph visually tells the story of Labour’s membership rise from its low numbers in 1917, rising dramatically in the 1930s, after which it slowly and steadily declined through to the late 1970s. It then rose again dramatically to a high point in the early 1980s that the commentators have many different figures for. After this it fell steadily to very low numbers in the 1990s. The trend line imposed on the graph illustrates that the general movement of numbers over time has been sloping moderately downwards.

\textsuperscript{41} Labour’s general secretary at the time, Rob Allen, claimed that Labour Party membership had fallen significantly between 1987 and 1996 but had since bottomed out, and the party was experiencing ‘a small growth incline’ (Allen, 1999). He claimed that Labour had a membership exceeding 20,000, and that therefore the party had a membership ‘probably at least as big if not bigger’ than the National’s (Allen, 1999).
There are 34 estimations and statements for the affiliate membership numbers of the Labour Party. These numbers are found in Appendix C, and can also be seen on a timescale scatter-plot in Figure 6.5. This graph shows that like the direct/branch party membership, the general movement of affiliate numbers over time has been sloping moderately downwards, albeit it with substantial rises in the 1930s and 1980s.
Figure 6.5: Labour Party Affiliate Membership Estimates

The National Party

The National Party was previously the largest voluntary organisation in the country, and relative to population, was allegedly once the largest mass membership party in the Western world.\(^42\) At the height of its membership in 1960, the party claimed to have a quarter of a million members. This impressive figure meant that the party had enrolled close to half of its voters (a membership density of 44 percent). National has therefore always been substantially larger than the Labour Party.\(^43\) As early as 1938 – only two years after the party was created – it claimed 100,000 members – nearly twice that of Labour. By 1946 National boasted 181,000 members, and in 1960 the party peaked at 246,000.\(^44\) In 1962 Austin Mitchell reported that the party’s membership was still a


\(^43\) According to Gustafson, at its membership peak, National ‘outnumbered Labour’s financial membership 15 to one. Even if the ratio of active members was somewhat less favourable to National, it still meant that in most electorates National could call on many more workers to canvass, persuade, raise money, and get people on the roll and to the poll than could its opponents’ (Gustafson, 1986: p.122).
formidable 230,000 (Mitchell, 1962a: pp.21-22). In the following decade, as National evolved towards an electoral-professional party model, it lost about 100,000 members – yet the party’s claim of 145,000 in 1972 was still a long way ahead of its rival (Gustafson, 1997c: p.139). The health of National was partially revitalised in the mid-1970s, when it reached ‘at least 170 000 members in 1975’ – a figure ‘more than twelve times as great as Labour’s branch membership’ (Webber, 1978: pp.190-191). According to Tony Wood, National membership then reached 200,000 in 1978 (Wood, 1980: pp.131-132). But then in 1980 the Colonels’ Coup, combined with the emergence of the free-market wing of the party, caused a major disturbance within National. And in the early 1980s, the party’s urban, middle class and liberal base was burnt off by Muldoon’s economic interventionism and social conservatism (Upton, 1992b: p.8). As Muldoon became more extreme in his economic intervention, the party’s reputation as a party of enterprise and freedom suffered, pushing the more innovative and radical members in the younger age group to leave. Thus in 1984 membership dropped significantly to 133,000, and according to James, ‘the organisation was a shell’ (Jesson, 1989c: p.157; James, 1987: p.26).

During the mid-1980s, membership dwindled as the party had trouble trying to find itself politically – coping with the ideological hangover of the Muldoon years and the fact that the Labour Party was stealing National’s free-market position in the party system. At the end of 1985 the party informed the Royal Commission on the Electoral System that it had a membership of close to 100,000 (RCES, 1986: p.214). Then in the late 1980s there was said to be a resurgence of membership numbers as the party crystallised as some sort of opposition to Rogernomics and the party looked like replacing Labour in government. Also at this time, the National Party attempted to transform its extra-parliamentary organisation into a more modern operation, and this had important implications.

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44 According to Tony Wood, ‘The success of National as a mass party had continued through its years in office in the 1950s. Minimal subscriptions (Two shillings and sixpence) and a loose definition of “member” inflated reported numbers’ (Wood, 1989: p.224).
for membership numbers. This started particularly after the election of John Collinge to the presidency of the party in 1989, after which the party instituted a technological update of its organisational operations.\(^45\)

Although National's membership remained substantially higher than any other party's, its decline has nevertheless been the most substantial in recent years, especially since 1991. After the election of the Fourth National Government in 1990 and its implementation of unpopular and un-signalled policies that essentially continued the former Labour Government's unpopular programme, the National Government became 'the most unpopular government since regular polling began in New Zealand' (Vowles et al., 1995: p.73). As a result, according to Paul Goldsmith, 'The party's elderly left en masse, whole branches "fled in disgust", uprooting the Party's finances and tearing the heart out of the organisation' (Goldsmith, 1997: p.168). Gustafson believes that 'membership collapsed within a year from 100,000 to 40,000 and never recovered' (Gustafson, 1999). Similarly, Jenni McManus claimed that membership had dropped from 'a high of nearly 80,000 to only 33,000' in 1993 (McManus, 1993: p.5).\(^46\) This decline is illustrated by leaked membership figures for the four northernmost electorates in 1991. They showed that in the previous 12 months membership had fallen from 6,741 to 1,850 – a 73 percent decline (NZ Herald, 9 Nov 1991).

By the late 1990s National had lost the broad base and mass membership that it once legitimately claimed. During Geoff Thompson’s presidency (1994-98), the downward spiral of membership continued, leading Thompson to warn 'that the party ran the risk of selections being hijacked by narrow interest groups unless the membership was sufficiently broad-based' (Luke, 2 May 1998: p.19). One leading party official, Lindsay Fergusson, agreed with Thompson, claiming that in 1998 'some electorates had too few members to select their own candidates' (NZ

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\(^45\) See: James (1990a: p.71).

\(^46\) The then National Party president, John Collinge, disputed the latter figure, 'saying membership is currently running at around 60,000' (McManus, 1993: p.5). Even Collinge's figure represented a significant decline.
Chapter Six: Party Organisation and Membership


Although no reliable figures exist, it seems that in the mid-1990s total membership was somewhere between 20,000 and 50,000. While National MP Simon Upton often cited membership figures between 40,000 and 50,000, Armstrong reported that ‘Some political opponents claim it has now fallen below 20,000’ (Armstrong, 16 May 1994: p.1). By 2001 party membership had possibly dipped below 20,000, with the party president Michelle Boag revealing that the membership was the lowest it had ever been.47

This history of the National Party’s membership numbers in this chapter is informed by the estimations and statements made on the topic by commentators, politicians and the parties – of which there are 57 recorded figures in Appendix D. These estimations and declarations – which are of varying reliability – can also be seen on a timescale scatter-plot in Figure 6.6. This graph shows that the numbers have declined fairly steady since the 1950s, but especially in the mid-1980s and early 1990s.

47 Boag also claimed in October 2001 that ‘Membership has gone up by between 15 and 20 percent in the last couple of months’ (quoted in Black, 2001: p.15).
New Zealand First

The number of New Zealand First members is especially difficult to ascertain. The high secrecy of the organisation is such that all internal party information is kept as close to the leadership as possible. Early in the party’s life New Zealand First claimed to have more than 10,000 members, and Winston Peters often claimed the party was the second biggest in New Zealand (Scherer, 1994b). However, as former New Zealand First MP and adviser Michael Laws explained, ‘Like many of Winston’s claims this one also exceeded the straitjacket of actuality’ (Laws, 1998a: p.347). Laws has also written that while he was involved in New Zealand First he had observed that the party organisation was very centralised and correspondingly weak throughout most of the country. Laws discovered that interested supporters of the party ‘had no focus for their energy, no representative to lobby local voting blocs and no contact for prospective members…. I received bashful reminders that New Zealand First scarcely existed south of Taupo with the exception of the internecine Christchurch factions’ (ibid: pp.337-338). Laws also revealed that prior to the 1996 general election ‘the party was being inundated with “one-dollar memberships” as potential candidates
Chapter Six: Party Organisation and Membership

sought to secure their candidacy selection by enrolling family members, the local sports club and the not-so-occasional random phantom’ (ibid: p.348). When it came to applying to the Electoral Commission for election broadcasting money in 1996 – and thus submitting the party’s membership numbers – New Zealand First sought assurances from the Commission that such information would remain confidential. It seemed, according to Laws, that the party leadership was concerned that the public might discover the true low level of party membership (ibid: pp.347-348). In 2002 the party suggested that it had a membership figure over 4000 when party president Doug Woolerton claimed the party had more members than the Greens (3370) and ‘a damn sight more’ members than the Progressive Coalition Party (2000) (quoted in Tunnah, 2002).

This history of New Zealand First’s membership numbers in this chapter is informed by only a very small number of estimations and statements made on the topic by commentators, politicians and the parties – these are found in Appendix E. There are too few estimations to warrant a scatter-plot.

Act New Zealand

In 1999 the Act party claimed to have ‘probably the second highest political membership of any party in New Zealand’ (Tate, 1999: p.6). This seems very unlikely, but the size of Act New Zealand’s membership is very hard to ascertain, as there are very few reports about it. Soon after its founding in 1994 – and before officially becoming a political party – Act claimed a paid-up membership of 1000, and by 1995 the party was boasting 3000 members (Scherer, 1994a; Act,

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48 It was also reported that New Zealand First activists in Hawke’s Bay were signing up unwitting students of a Maori language school as party members. A letter was produced in Parliament ‘from the school to prospective students which told them that as well as paying their tuition fees the school had also paid their $1 membership fee to New Zealand First’ (Scherer, 1996d).

49 The 2002 allocation of state broadcasting money was also partly made on the basis that, according to Electoral Commission chief Dr Paul Harris, New Zealand First had ‘significantly more members’ than other parties (quoted in NZPA, 2002d).
1995). This claim seems questionable. A leaked 1995 internal membership list for the whole of Wellington showed that there were only 216 Act members in that region, making a national figure of 3000 appear to be erroneous or exaggerated (Parkin, 1995). In 1996 both Richard Prebble and Rodney Hide cited a membership figure of 7000 (Prebble, 1996; Kirk, 1996: p.23).

Act’s leadership is also prone to blurring the categories of party members and party supporters. After the 1996 general election, Prebble proclaimed that ‘Only Act campaigned in the old-fashioned way, relying on donations from its 14,000 supporters’ (quoted in NZPA, 1997a), and in October 1999 Prebble claimed that Act had 14,000 members (Bain, 1999d: p.8). It seems that the 14,000 figure claimed by Act is made up of those who asked to be members, supporters or are just on the party’s mailing list – which is hardly likely to give Act the second highest political membership of any party in New Zealand, as they claimed. In 2001 Act also claimed a total membership to 5000 after purportedly gaining 800 new members (Langdon, 2001b: p.2).50

Instead of modelling itself on a mass-membership party, Act has always had as its model the electoral-professionalised design of a cadre-type party. For example, the party always attempted to make full use of computer technology in a way that meant it would not need a large membership base. As Brian Arps, Act’s organisational workshop coordinator in 1994, said of the party’s elaborate communications system, ‘the system would remove the need for mailing, envelop-stuffing and the large number of meetings’ (Small, 1994b: p.24).

50 In 2001 Act were still professing their belief that they were second to National in terms of membership numbers, after claiming that Labour’s numbers had fallen to only 3000 (Prebble, 2001). Prebble also claimed that Act had ‘easily the largest active membership of any political party’ after their survey of party members resulted in over 1800 of them replying (ibid). Clearly the party’s definition of activism was a very limited one. In the same year, 2,027 postal votes were cast in Act’s high-profile party president contest. These two response levels (1800 and 2027) suggest that the party’s membership probably lies at something more like 3000 than 5000.
In his study of Act, Patrick Hine discovered that 'the formal opportunities for the wider party membership to exercise some influence over... policy teams and the Board that appoints and oversees them are limited in the extreme' (Hine, 1995: p.51). This limited meaningfulness afforded to membership was related to the party founders' belief that politicians should not be hamstrung by their extra-parliamentary party organisations. Therefore, 'In Act, the opinion of the party member is publicly accorded no more significance than that of any member of the public' (Hine, 1995: p.52). The reasons for joining a party with such a low regard and return for its membership are obviously not great.

This history of Act New Zealand's membership numbers in this chapter is informed by the estimations and statements made on the topic by commentators, politicians and the parties – of which there are 15 recorded figures in Appendix F. These estimations and declarations – which are of varying reliability – can also be seen on a timescale scatter-plot in Figure 6.7. Although the super-imposed trend line suggests ongoing growth in Act membership numbers, the estimates of 14,000 are very unreliable, if these were removed then the trend would be somewhat less upward.

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51 Also, according to Act's constitution, it is the party's Board of Trustees, not the membership at large, which selects the leader and deputy leader of the party (Small, 1994b: p.24).
Green Party

For most of the 1990s, Green Party members numbered only in the hundreds. Soon after the Greens joined the Alliance in 1992, the party was believed to have about 500 members and this number grew only slowly in the following years. When the Greens departed from the Alliance in 1998 they lost a significant number of their members and supporters who decided to stay in the larger party. Later in the year, after the Greens had undertaken a recruitment drive, the party could still only claim 861 financial members (Speden, 1998d: p.14). Towards the end of the 1996-99 parliamentary term, the party was failing to make much of an impression on the electorate, and consequently membership numbers dropped. While the party told the Electoral Commission that it had 1348 members in May 1999, it later admitted that the number had dropped to 500 (NZPA, 19991: p.2). Then, as the party began going up in the opinion polls leading up to the 1999 general election, people started joining in relatively large numbers. In the six months after the election of seven MPs, membership increased by about 50 percent. According to Rod Donald, in the few weeks following the election, ‘Over 340 people joined the party’ (Donald, 2000: p.56). Numbers steadily grew, and by
mid-2000 the Greens claimed 2500 members, and by the time of the 2002 general election, the numbers were up to 3370 (Tunnah, 2002). In 2003 the party has about 4000 members (Taylor, 2003a).

Although the Green Party has always aspired to be a mass participatory party it has done little to bring this about. The Greens have a relatively democratic party structure, but in practice involve few activist members in steering the direction of the party. For example, even campaign management has been an elite activity, as co-leader Rod Donald has explained: ‘In January 1999, a small group of us met to get serious about election year strategies. The group was made up of Wellington executive members and others outside the party who believed we could still make it back in’ (Donald, 2000: p.50).

This history of the Green Party’s membership numbers in this chapter is informed by the estimations and statements made on the topic by commentators, politicians and the parties – of which there are 15 recorded figures in Appendix G. These estimations and declarations – which are of varying reliability – can also be seen on a timescale scatter-plot in Figure 6.8. The trend line suggests steady upward growth in membership numbers.
Chapter Six: Party Organisation and Membership

United Future

When the United Party was established in 1995, it appeared to be the ultimate elite-cadre type party, set up from within Parliament by MPs rather than by any strong social force. As a result it had only a very insignificant-sized membership.\(^52\) In 1996 it claimed to have only 1789 members. Following the 1996 election, United membership initially dropped away, but party leader Peter Dunne soon negotiated to absorb three other minor parties – the Conservatives, the Ethnic Minority Party and Advance New Zealand – all of which had previously met the membership criteria set by the Electoral Commission, and were thus able to supply United with a substantial number of new members. By 2002, however, there were reports that membership numbers had dropped substantially, and there was speculation that United had fewer than the 500 members required for

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\(^{52}\) The predecessor to United was Peter Dunne’s Future New Zealand (of no relation to the Christian party of the same name) – which was set up in 1994 by the defecting Labour MP. Despite Dunne signalling his departure from Labour well in advance, when he eventually set up the new party, Future NZ fell short of recruiting the necessary 500 members for registration as a party. However when United New Zealand was established in July 1995, this new party ‘had little difficulty in overcoming the hurdle, passing the 500 member threshold within its first week of existence’ (Jackson and McRobie 1998: p.298).
registration with the Electoral Commission.\textsuperscript{53} The United Party's decline was less of a problem, however, because in 2001 it united with the Future New Zealand party, which had claimed in 1999 to have 2,800 members (NZPA, 28 May 1999: p.2).

**The Alliance and Progressive Coalition Party**

The creation of the Alliance in the early 1990s was supposed to herald the resurgence of the mass membership party-type.\textsuperscript{54} However, the figures that the party claimed as membership were a mere fraction of what the traditional parties once claimed. According to Alliance president, Matt McCarten, the party membership in 1993 was 14,000, and a year later this was said to have increased to 22,000 (McLoughlin, 1994c: p.64). Then, in 1995, when the Alliance submitted its application to register as a political party with the Electoral Commission, it claimed to have 25,000 members.\textsuperscript{55} These figures subsequently declined as Alliance public support dropped.

Later, in October 1998, a leaked document indicated membership was (at that stage of the year) a mere 6800. Party sources say that by the end of 1998 the numbers had increased to about 10,000, and in late 1999 McCarten claimed the party had 15,600 members (Bain, 1999d: p.8). In 2000, Alliance sources put the party membership at about 6000, and in 2001, this had declined to only about 5000 members. In 2002 – when the party split – the membership declined to around 4,000, much of which departed with the Progressive Coalition Party (PCP), Democratic Party, and Mana Motuhake, leaving the Alliance with about half that figure.

\textsuperscript{53} See: Milne (2002d; 2002f).

\textsuperscript{54} See: Harris (1993f: p.17).

\textsuperscript{55} There is, however, reason to doubt the validity of these original figures. Certainly the constituent parties in the Alliance never had memberships that corresponded to anything like the amount that the Alliance claimed. For example, the Green Party was believed to have about 500 members in 1992. The smallest party in the Alliance, the Liberal Party, before they dissolved in 1997, allegedly had only 37 members.
When Jim Anderton broke away from the Alliance to set up the PCP he was able to immediately sign up '1177 members in a week, 80 per cent of them former Alliance members' (NZPA, 2002b). About 25 percent of these members also belonged to the Democratic Party, which was briefly aligned to the PCP (Young, 2002e). After the election the PCP claimed a membership of 2,200 (ibid).56

This history of the Alliance’s membership numbers in this chapter is informed by the estimations and statements made on the topic by commentators, politicians and the parties – of which there are 14 recorded figures in Appendix J. These estimations and declarations – which are of varying reliability – can also be seen on a timescale scatter-plot in Figure 6.9. The trend line suggests firm downward decline of membership numbers.

Figure 6.9: Alliance Membership Estimates

56 Anderton claimed that the PCP’s membership made it one of the three biggest parties (Tunnah, 2002).
Part Three: Explanations for the Decline

There are a number of reasons for the declining party membership numbers in New Zealand – all of which generally fall into two broad categories: (1) reduced supply of members from civil society, and (2) reduced demand for members by the parties (Scarrow, 2000). Supply-side arguments revolve around changes in society, such as lifestyle and declining political preferences that make membership less relevant or appealing to citizens. Demand-side arguments are related to changes in the organisation of the parties, and in particular, the shift to the electoral-professional model which has less of a demand for citizen involvement because of a reliance on party professionals and the almost pure focus on elections and the media.

Diminished Supply of Party Members

There are many factors impacting on the supply of party members to parties that relate to other issues discussed in this thesis. Chapter One argues that New Zealand political parties have lost much of their scope to make changes in society. This is partly because of the influence of globalisation and partly because the parties operate in an institution with increasingly less power – Parliament. New Zealand governments over the last two decades have deregulated many areas of society, and therefore taken away the power of parliaments and governments to affect change. According to Upton: ‘the deregulation of the economy and the liberalisation of social constraints means that people need the services of political parties much less. Put simply, politicians can peddle much less influence in a world without import licensing, liquor licensing or an Albanian-style telephone system’ (Upton, 1993c: p.8). It seems likely that the parties are therefore, less attractive organisations to join due to the fact that they now have less power.
Chapter Two (on the radicalisation of the party system, 1975-93) showed how unpopular the Labour and National parties became after three finance ministers (Muldoon, Douglas and Richardson) pushed their governments in radical directions, which led to many members exiting their parties in protest. For example, Labour lost the bulk of its membership during the second half of the 1980s when the Fourth Labour Government rejected its former working class orientation and implemented its pro-business economic restructuring. Likewise, many of the National Party's moderate and older-age members deserted the party in droves following Ruth Richardson's 1991 'Mother of All Budgets', benefit cuts and the government's failure to fulfil election promises such as removing the surtax on superannuation.57

Chapter Three (on the erosion of ideology since 1993) gave ideological reasons for the decline of partisanship in society. That less ideological polarisation between the parties exists, together with a lesser emphasis on their ideological components, means that membership is therefore less meaningful. Like any product in the marketplace, political parties without 'a unique selling point' inspire the loyalty of few. In contrast, during the immediate postwar period, when more meaningful differences between the two parties were perceived by voters, it was easier to bring people into a party on the basis of the dangers of the opposition. As one former National Party regional chairman has said of the period of high party membership: 'Those were the days when frightening people with labels was easy. Labourites were socialists and that was that' (quoted in Rudman, 1993). While a fear and dislike of socialism was a unifying factor for those attracted to National, the Labour Party attracted members by playing on the fact that its opponent was in the pocket of employers – something Labour can hardly raise now that it too is reliant on business support.

Chapter Three also discussed how under MMP parties continue to cast their nets widely for voters. This catch-all strategy is designed to broaden their appeal, but

it means that those voters with specific political causes or beliefs are less likely to find the New Zealand parties as effective vehicles for advancing them. Such parties, with their broad policies and philosophies, and the need to balance different views, are claustrophobic and cramping for today's single-issue activist. Instead of joining any one party, people interested in politics are more likely to see politics as an electoral supermarket and be volatile, supporting more than one party (Upton, 1994a).

The class dealignment and individualisation of society, discussed in Chapter Four, also influences party membership. The New Zealand party system is decreasingly based on class cleavages, and the relationships between other social cleavages and political parties are particularly weak and unstable. The declining relevance of social structure to political allegiances has meant that while joining the Labour Party or the National Party may have once been an expression of one's class position, changes in the political positioning of the two main parties has undermined the class nature of membership. In contrast to fifty years ago, it is hard for any party to recruit members on the basis of class solidarity, as few people in society still view themselves as members of a social class, let alone see those political parties as representing their class.

Along with the breakdown in class politics, a breakdown of communities in general is occurring. This might be termed the individualisation of society, a situation in which people – regardless of their 'objective' social class or group – think and act more as individuals than as members of a group, class or community. The changes in housing and work have affected the way that society interacts. Closely-knit communities have been weakened, which contributes to an individualisation of life — a situation which does not predispose people to want to join political parties or undertake other collectivist or community type activity.

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58 See Gustafson (2001: p.27), who argues that as a result of the neo-liberal reforms of the 1980s and 1990s, 'Many individuals became alienated and atomised from the economy, the society, the politicians, the political system, others, and even themselves. Civil society fragmented and democracy itself was increasingly questioned.'
Chapter Five discussed a general depoliticisation process underway in society, whereby people are uninterested in taking part in any political process, or even joining non-parliamentary political groups. Similarly, large election meetings are a thing of the past. The last mass election rally to be held was in the 1987 general election, when 4000 National supporters came to the launch of the party’s campaign. As Vowles et al. pointed out about the 1993 general election, ‘one of the largest audiences either of the major parties could muster in 1993 was estimated to be no more than 500’ (Vowles et al., 1995: p.56).

In an anti-political age, political parties have a smaller target market for recruitment, as people are less interested in politics. As part of this exhaustion of politics, people feel that all politics and ideologies have been tried and failed, and it has become fashionable to decry not only political parties but politics in general, with criticisms that something is ‘too political’ or ‘too ideological’.\(^{59}\) Without any substantial political events and movements existing in modern society, the political culture dissipates, with negative consequences for party recruitment. Politicisation usually occurs in relation to the emergence of political issues in society. Hence in the late-1970s and early-1980s a revival in membership occurred at the time of the emergence of several new political issues:

Social Credit – which had membership as high as 22,000 – was mounting a challenge to the two-party system, and the nuclear issue, feminism and the environment regenerated interest in politics. Polarisation of the electorate over the Muldoon Government’s handling of the Springbok Tour further politicised voters (Bain, 1999d: p.8).

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\(^{59}\) There is also a lack of trust in the value of collective action, hence an unwillingness to join and become active in organisations. In a time of rising levels of political cynicism and feelings of powerlessness the public are unlikely to turn to political parties. The fall of Soviet-style communism has also played a strong part in producing today’s apathetic political nature by teaching the public that “there is no alternative”: ‘Since building a “fairer society” is demonstrably impossible, those who claim to be doing so are either fools or rogues. Clearly, politics is not something any self-respecting person should dirty his/her hands with. Denied the opportunity to do anything more than administer the free-market status quo, politicians and their parties quickly find themselves conforming to the stereotypes of their detractors’ (Trotter, 1999j: p.13).
These ideas of politicisation, anti-politics and anti-partyism are explored further in Chapter Ten. It is argued that the voting public are sceptical about the integrity and honesty of political parties. Related to this, it seems that where New Zealanders are still interested in joining organised politics they are now more likely to join a non-parliamentary interest group. In fact, the current fragmented and disorientated politics is very conducive to single-issue politics – which do not fit so well with political parties. In a period when strong partisan loyalties to political parties have ended, a new type of politics has emerged based on a type of 'shopping for policies' (Economist, 1993a: p.68). In this new environment, interest groups often play an expanded role in political debate, often superseding political parties. As Upton has commented, 'The cudgels can easily be taken up by a few individuals and a media campaign. Some people like the idea of lots of media-driven campaigns unconnected with broad political movements' (Upton, 1993c: p.8). The nature of a political issue that is unconnected to others means that the campaign for it is often best served by groups that lobby but neither seek office nor the development of a broad political programme.

There is now a certain social stigma attached to the membership of a political party. Just as the act of seeking public office or being a politician has lost respectability, so too has the act of being part of an organisation that aids politicians and their electioneering. That the whole notion of party politics is held in disdain by most of the public means that the social status of belonging to a party has been greatly reduced. As explored in Chapter Ten on anti-partyism, in recent years New Zealanders have indicated a very low opinion of political parties. For example, a 1998 Massey University's survey found that 92 percent of adults had either 'very little' or no confidence in New Zealand parties (Perry and Webster, 1999: p.15). Disillusionment with politics and parties obviously also affects the recruitment of members. A central argument throughout the chapters of this thesis is that political parties have become more remote as the parties have few roots or connections with civil society. Instead of being the expression
of the interests of certain social groups, the parties are, more than ever before, the representation of the politicians alone.

There are also many sociological factors that have impacted on society’s supply of members to parties. Most obviously, in recruiting members, parties face competition from alternative social activities. New Zealand political parties once fulfilled a non-political function that is now no longer required – entertainment. Prior to the 1970s, when political parties had mass memberships, they were largely social organisations at a time when New Zealand society had less to offer in terms of entertainment. In this ‘golden-age’ of party membership in New Zealand, there was until 1960 no television and fewer other clubs and social activities to be involved in. Since the 1960s, however, a myriad of other forms of entertainment and social activities have developed, largely reducing the membership of political parties to only those who are highly interested in politics. According to Electoral Commission research, seven times as many New Zealanders now belong to ‘leisure organisations’ as they do to political parties (Harris 1998: p.23). This increased involvement in recreation is partly due to the increased affluence and availability of transport in New Zealand society. Previously, economic scarcity and geographical immobility had restricted leisure activities, making membership of local party branches more desirable. The postwar boom improved the availability of transport for the individual, and this increased the types of recreational activities available to the community (Ware, 1996: pp.75-76). Similarly, changes in living styles throughout the Western world also changed the way people interacted and entertained themselves:

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60 Loosening social and religious values in Western countries since the 1960s have also made other forms of entertainment more acceptable. Previously, the culture of the times also acted in favour of party membership because ‘social and religious values restricted the kinds of arenas of activity that were regarded as “respectable”, [and] parties were usually able to meet the criterion of “acceptability”’ (Ware, 1996: pp.75-76).

61 Of those surveyed, only 4 percent claimed to belong to a political party, while 31 percent belonged to a sports club, 24 percent belonged to a community group, and 23 percent belonged to a church (Harris 1998: p.23).
Suburbanization, housing redevelopments, deindustrialization, and a variety of other factors led to the replacement of closely knit communities where people interacted extensively with each other by much looser patterns of social interaction. The weakening of these kinds of networks meant that, in general, it became more difficult to recruit members using solidary incentives (Ware, 1996: pp.75-76). As the demands of daily life have increased in the last couple of decades – particularly due to changing work patterns – many people now have less leisure time, and are therefore less inclined to get involved in political activity. In 1993, even the National Party's Auckland director, John Tremenwan cited the problem of 'people having to devote their time to retaining their jobs' as a factor in the declining political party memberships (Rudman, 1993).

The growth of the mass media has also played a key part in superseding political parties. Changes in technology mean that the media now play a strong role in mediating information between politicians and the public, where political parties used to play that role. Membership of a party used to be the most accessible way of obtaining political information and taking part in the political process. With the rise of the media and media politics, this avenue is redundant (Bain, 1999d: p.8). Rather than communicating through a large, active membership, New Zealand's catch-all parties now communicate with voters by way of their leadership appearing on television. Furthermore, the party organisations are no longer an important source of political policy and feedback for the parliamentary wings:

Policies are driven by media exposure (television in particular) and opinion polling; their detailed execution is driven by the bureaucracy and independent consultants. Inhouse party expertise is limited. That's scarcely surprising – there is no perceived need to join

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62 As Upton has written, 'modern communications have steadily increased the flow of information that once flowed out through political parties. Television has just about killed meetings dead as a means of communicating with voters' (Upton, 1993c: p.8). There are also now a number of alternative sources of political information: 'The age of television, the Official Information Act, the Ombudsman and a host of other watchdogs mean that political parties can supply little in the way of privileged access to information as once they did. The days when people crowded into church halls to hear MPs report on issues of the day have gone' (Upton, 1994a).
political parties to gain an insight into the political process. Meanwhile, thousands believe themselves to be participating in the fate of the nation by way of talkback radio (Upton, 1992b: p.8).

The strength of these sociological explanations is reinforced by the existence of a definite generational aspect to the decline of political party membership. Very few young people join parties. The Electoral Commission has undertaken surveys in recent years that provide figures on the age of party members in New Zealand. Their 1994 survey showed that of party members ‘three-quarters were over 50 years of age, and 39 per cent were aged 70 and over’ (Harris, 1998: pp.15-16). In a sense, political parties have probably managed to retain many of their older membership – and some parties have signed up old-age voters due to the politicisation of superannuation – while at the same time having a greater problem recruiting those people born after 1950.63

**Diminished Demand for Party Members**

Existing alongside the ‘diminishing supply’ explanation for the decline in party membership is an argument that highlights a ‘diminishing demand’ for membership on the part of party leaders. This is closely related to the shift of parties towards an electoral-professional form of organisation, which involves greater centralisation and professionalisation, all of which increasingly takes place in the parliamentary wing. In this situation, the benefits of a large membership are no longer so great, especially balanced against some of the political and financial costs that also accrue from membership. Party elites therefore have a reduced demand and capacity for involving a large membership, and subsequently expend less effort in recruiting and retaining members.

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63 A survey by one of the parties in Parliament of nearly 1000 of its members showed that the aged made up the bulk of the party. Those under the age of 30 years made up less than two percent of the membership, while those over 55 years-old made up 72 percent (Leaked Document, 8 Jun 2000). Similar trends appear to exist in Britain, where the average age of members of the Conservative Party is 62 years, and only five percent of members are under 35 (Whiteley et al., 1994). The British Labour membership, too, had an average age in 1995 of 48 (Heartfield, 1995).
In previous decades, the recruitment of large numbers of members was highly important, due to the capital and labour resources that they would provide. However, nowadays when party members leave the organisation their exit goes virtually unnoticed by the leadership, as it has little consequence for the operations of the party. This is because the resources that members provide are now relatively insignificant, a fact which is detailed in Chapter Seven. Overshadowing these resources are those now obtained by the parties from the state, as explained in Chapter Eight. The generous resourcing of MPs means that their offices are in effect superseding the extra-parliamentary party organisation in party administration. The logical corollary of this professionalisation is the tendency towards the marginalisation of the membership. Politicians now hire the highly-skilled and expert to help them perform their political functions. These professionals can effectively and efficiently accomplish many of the campaigning and organisational tasks formerly performed by activists. For example:

If politicians want to communicate with the voters, they can appear on television. If they want to raise funds, they can tap friendly foreign businessmen. If they want to sound out popular opinion, they can call in pollsters. If they want to devise a policy, they can turn to the think-tanks. Who needs amateur party activists when you can employ professionals? (Economist, 1993a: p.68).

Such a process is definitely evident in New Zealand, and Vowles has outlined how policy and communications is typically now constructed:

the messages of contemporary New Zealand parties are constructed by professionals, either employed by the party nationally or contracted to provide such advice at that level, and are designed for communication through the mass media, and notably television. Public polling and focus group research are used to test party performance,

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64 Also, by essentially incorporating the roles and staff of the extra-parliamentary head offices into the parliamentary wings, party leaders have effectively marginalised party members because it was through the extra-parliamentary structure that they participated. According to Mair, 'On the face of it, a strengthening of the position and of the resources of the party in public office, and the marginalization of, or greater autonomy afforded to, the party in central office, would appear to offer little scope for an enhancement of the position of the party on the ground. In this sense, we might anticipate that party members would themselves be marginalized, being deemed unnecessary, or even ignored' (Mair, 1994: p.13).
policies and party rhetoric. Ordinary members and activists play little or no role in this work (Vowles, 2002b: p.425).

Simon Upton, a former National MP, has also shown how members are clearly now less relevant or central to the operations of the parties. He says that the party membership of National once played a central role in policy formulation:

Policy was driven by remits that originated at small branch meetings, progressed on to the electorate, then the division and finally the national conference. Cabinet ministers as late as the sixties were directly influenced by remit debates. The influence of the party organisation derived not just from the size of its membership but its quality (Upton, 1992b: p.8).

Upton contrasts this to the present day creation of party policy in which rank-and-file party members play no effective role: 'it bears almost no relationship to the way politics are now conducted. Policies are driven by media exposure (television in particular) and opinion polling; their detailed execution is driven by the bureaucracy and independent consultants' (ibid: p.8). Likewise, in examining the Act party's organisational structure, Patrick Hine noted that 'the formal opportunities for the wider party membership to exercise some influence... are limited in the extreme' and that 'the opinion of the party member is publicly accorded no more significance than that of any member of the public' (Hine, 1995: p.52). When Ruth Dyson was the president of the Labour Party, she also attributed the lack of influence that party members have for the fall in membership numbers in her party:

The policy role of the Party, and our organisational strength are very closely linked. People join the Labour Party because of their commitment to policies which they want to see implemented. Because the Party was left out of the policy making process more and more, our ability to keep and attract members became weaker (Dyson, 1991).

Similarly, according to a National Party member writing on Michelle Boag's website, 'Committees and conferences are dominated by the 'elite' of lawyers, accountants etcetera, and we totally ignore a huge chunk of our support base and their opinions are not valued' (quoted in Black, 2001: p.15). Therefore, while members of New Zealand parties traditionally expected that in exchange for their
contributions as members they would have at least some control over the goals and activities of the party, this system of exchange has broken down. Yet such treatment of party activists has proved to be unsustainable, with many obviously ceasing involvement in parties due to the futility of the role. Levine commented on this trend in 1979:

In practice, each party has developed an elite – a small and coherent group – which undertakes on a regular basis the management of party affairs. Attempts to acquire a large party membership appear to be efforts aimed at identifying voters, securing funds, and obtaining campaign workers. Neither party seems prepared genuinely to involve the electorate in their deliberations, and no effort is made to recruit members into decision-making roles (Levine, 1979: p.67).

This is clearly in line with the electoral-professional model, and thus the organisation of New Zealand political parties has changed to the extent that nearly all energy and resources are now put to work in the interests of electoral performance. Party leaders are therefore less likely to encourage the traditional type of representative party structures that ‘function as participatory, representative and communicative channels in the political system’ (Pierre et al., 2000: p.3).

Likewise, advances in technology means that computerised mailing lists, automated telephone messages and commercial mail drops have replaced the army of volunteers parties once needed. Instead of sending party activists door-to-door canvassing, professionalised parties are more likely to use paid canvassers, consultants, PR specialists and pollsters to carry out telemarketing campaigns that yield much more effective results. As well as access to mass media, technological progress has also provided the parties with email facilities and websites. The increased emphasis placed on these new forms of communication and political manipulation means that political parties correspondingly put less emphasis and importance on the ‘old-style’ contributions and value of members and activists, and more on trying to buy the latest available gimmick (Miller, 2001: pp.233-234).
The parties now allow only a small input from rank and file members, and where they are involved, the involvement is not very meaningful or fulfilling. Michael Laws, for instance, has painted a picture of life in the 1980s extra-parliamentary National Party as being very empty and without real power: 'The party were mere cannon fodder marching at the behest of the parliamentary wing. Useful for organising public meetings, raising money from door-to-door canvassing, delivering election year pamphlets and leaflets, but not much else' (Laws 1998a: pp.56-57). Laws has also written about how party activists in New Zealand 'toil with no prospect of reward or encouragement for their party's cause. Their activities are the political equivalent of digging a hole, filling it in again, then repeating this process until mortal release' (ibid: p.37).

Party membership is made even more meaningless by the lack of internal democracy in the New Zealand parties. Despite supposedly democratic structures, it is the parliamentary elite of the parties that make the most important decisions. The fact that the parliamentary leadership ignores even conference remits means that there are few membership incentives for those who might be mobilised by ideological incentives. As McCarten has argued, 'Party conferences in most parties have no power over MPs any more, so why would you waste your time' (quoted in Laugesen, 1999f: p.A3). The most overt examples of this occurred in the mid-1980s when Labour leaders made it obvious that they would not action any proposals passed by their conferences that they disagreed with.


66 According to one Alliance activist, involvement in the party is very unfulfilling: 'Working for the Alliance is not like working for Jesus – you don't get life in more abundance. There is a certain amount of comradeship and a little cynical fun to be had along the way, but mostly what you get is boredom – dull meetings, dull tasks, dull policy documents to read and duller ones to write' (Pigden, 2001: p.25).

67 See: Henderson and Bellamy (2002: p.70), who point out that 'while party members in theory have the opportunity to be actively involved in formulating party policy and candidate selection, in practice most key decisions rest with the party hierarchies. Party conferences are useful for floating policy ideas and parties maintain policy committees, but the decisions on policy tend to rest with the party leaders and their parliamentary caucus.'
For instance, government minister Richard Prebble’s stated that the Labour Party was ‘totally irrelevant to the election undertakings we gave to the New Zealand public’ (quoted in Sheppard, 1999: p.8). The Labour Party extra-parliamentary organisation fought a long and hard battle to be included in decisions about the policy direction of their Government. Ultimately they had little influence, although in some non-economic policy areas the Cabinet were prepared to allow them some say.

The lack of internal democratic practice extends to the selection of parliamentary candidates. While traditional methods continue to exist in terms of selecting electorate candidates, in most political parties the leaderships have chosen to retain the right to choose list MPs. In the formation of the party lists, most parties have established ‘moderating committees’ of party elites that make the final decisions about list rankings (Miller, 2000: pp.18-19).

In apparent contradiction to these trends, some New Zealand political parties have partially democratised themselves by making the possession of membership more empowering. Examples include carrying out postal ballots of party members for the selection of party lists candidates. The Greens and Act ask all their members to rank the list of candidates in their preferred order. The members’ preferences are then considered by the moderating committees who have the ability to make small changes to the list. For example, in 1996 the Act membership voted Donna Awatere Huata into number 37 on the party list, but the Act board of trustees shifted her to the winnable position of number four.

While this relatively democratic list construction process appears to contradict the move towards the electoral-professional model of party organisation, closer examination of such party changes suggests that they are, in fact, very

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69 See also: Miller (2001: p.235).
compatible. Mair argues that the crucial point is that democratisation is being extended to the members as individuals rather than to activists. He says that 'it is not the party congress or the middle-level elite, or the activists who are being empowered, but rather the "ordinary" members, who are at once more docile and more likely to endorse the policies (and candidates) proposed by the party leadership and by the party in public office' (Mair, 1997: p.149). Meanwhile 'the activist layer inside the party, the traditionally more troublesome layer, becomes marginalized' (Mair, 1997: p.149).

Part Four: The Consequences and Future of Low Membership

Parties in New Zealand have clearly demonstrated that they can exist more than adequately without mass memberships, but the existence of the low numbers still invites the question of how well the parties function with this new arrangement. For instance, the decline of the membership numbers of New Zealand's political parties has some important consequences for party ideology. As Len Bayliss has pointed out, the lack of party members means that 'the policies of the major political parties lack the authority which is conferred through widespread debate by the party membership in both public and private' (Bayliss, 1994: pp.70-71).

The lower membership numbers changes the intra-party power structures, conceivably allowing leaders to pursue more office-seeking strategies (or, in times of state difficulty, managerial-reforming strategies). For example, it means that the party elite have increased autonomy in their formulation of policy:

Many MPs are now professional career politicians, a fair number of whom would be equally at home in another party. Such politicians, lacking strong personal convictions, keep their eyes glued on the polls to ensure that their publicly expressed views stay in line with popular opinion.... The absence of mass membership is seen as a blessing since it gives the professionals a much freer hand (Bayliss, 1994: pp.70-71).

Upton illustrates this same argument with the example of the reforming Fourth Labour Government:
That Labour MPs and ministers were let loose to play in the Treasury's laboratory is, in no small part, a consequence of declining membership. If there were no party members turning up to electorate committee meetings, it's scarcely surprising that MPs felt unconstrained by the grassroots. The lack of a vibrant party organisation meant that some Labour MPs were meeting with just four or five people back home (Upton, 1994a).

The increased propensity for office-seeking behaviour in low-membership parties is because the balance of power is tilted more towards the leadership who are often – but certainly not always – more pragmatic and moderate than the rank-and-file members or activists. There is a strong pattern throughout the Western world in which party activists are more ideologically polarised than those that merely vote for the party. Such activists tend to push political parties to take more radical policy stances, and to be more principled and firm in the pursuit of such stances. Previously New Zealand political parties – because they were typically labour-intensive – had to 'establish an exchange relationship with potential activists by offering them policy promises' (Maor, 1997: p.97). The increasing reliance on professional labour therefore relieves political parties of the need for such an exchange, thus making them more pragmatic. Regardless of the exact ideological result, it is clear that the party elite have greater political manoeuvrability, being able to bring about ideological reorientation because the control and influence of members are not very strong (Tan, 2000: p.12). This means that party leaders are even less restrained in their policy options than before.

There are also fears that a declining membership base means that political parties are likely to become increasingly unrepresentative of New Zealand society. It can be argued that as membership declines, candidate selection is increasingly left in the hands of an unrepresentative slice of New Zealanders – or the 'political class'. This point is of increased importance under MMP, due to the fact that the party organisations now have increased influence.71 Undoubtedly,

71 Simon Upton has argued exactly this (in an article entitled 'How Tiny, Self-Serving Cliques Could be All-Important in Politics'). Under MMP, he wrote, 'an ever-decreasing number of New Zealanders will have an
the lack of membership numbers in the parties increases the possibility that the parties are vulnerable to small cliques of politicians that are not held accountable to a substantial party membership. As Appendix A shows, the ratio of members to voters is now extremely low, and in a party like Labour, less than one in fifty of its voters belong to the party.

The small size of the party memberships is also contributing to the fact that all the parties have trouble recruiting quality election candidates. In 1999, Helen Clark admitted, 'We do have trouble attracting good candidates..... It has been an issue. We haven't had a good overall intake since 1984' (quoted in McLoughlin, April 1999: p.74). Act has grappled with the problem of finding quality candidates from within its small membership by searching outside the party. Not only do they advertise in the daily newspapers for potential candidates, but also commission a personal recruitment agency for the task.

The fact that political parties have such small memberships means that state regulation of the party system (as described in Chapter Nine) becomes

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72 Upton says that, from his own experience, the situation is now so bad that branch 'meetings, rarely attended by more than 30 or so people, are, believe it or not, the nerve centre of political activism in New Zealand politics' (Upton, 1995a: p.11).

73 Michael Laws, too, has been very candid about the trouble he had finding quality candidates for New Zealand First in the 1996 general election: 'the New Zealand First party faced the unusual quandary of having too many prospective MPs and not enough quality candidates.... I bemoaned this state of affairs to a senior National Party official with a hands-on role for that party's election campaign. The lament was returned – with very few exceptions the quality of that party's candidates was also being undermined by the availability of suitable personnel' (Laws, 9 March 1999: p.4). Laws' tale about the National Party is confirmed by its then president, John Slater, who said: 'It is getting harder to attract top-quality professional and business people' (quoted in McLoughlin, 1999: p.75). He also confirmed that National now takes a more pro-active approach to candidate selection: 'We put our thinking caps on and consider who might make a good MP. But a lot of the people we approach turn it down' (ibid). National MP Bill English has also argued that 'falling party membership is a concern because it means a diminishing pool of talent from which tomorrow's politicians are drawn' (Laugesen, 1999f: p.A3).

increasingly necessary. If New Zealand's political parties possessed large and
dynamic mass memberships they would be less likely to require legislation to
make them run democratically nor would they necessarily need legislation such
as the Electoral Integrity Act to control their parliamentarians. Because none of
the New Zealand political parties have such a membership, they lack an in-built
check on the ambitions of parliamentarians (Trotter, 2001c: p.14).

The shift to the low-membership electoral-professional model has also had
particularly important consequences for the way that the public orientate towards
the arena of state power. The previous high rate of party membership actually
helped create a robust connection between civil society and politics: ‘Because
mass parties emphasized enrolment and political education, and because they
encouraged citizens to extend their political involvement beyond merely voting,
they broadened the realm of citizen politics and provided concrete links between
politicians and those they claimed to represent’ (Scarrow, 2000: p.79). This
idea of organised parties as vehicles for integrating the electorate was most
famously articulated by Sigmund Neumann (1956; 1965) who argued that the
construction of strong links between civil society and the state could counter the
anomie of mass society. Similarly, Maurice Duverger favoured mass parties
because he said they contributed to democratic linkage by providing a 'closer and
more faithful contact between the mass of the people and their ruling elites'
(Duverger, 1963: p.427). Now with the rise of the electoral-professional form of
organising, this linkage has been eroded, contributing to a number of negative
attitudes to public life. The lack of linkage means that political parties have
increasing trouble aggregating and articulating the varied interests of society
(Tan, 2000: p.12).

75 A good definition of the term linkage is provided by Thomas Poguntke: 'the function of linkage has been
the same since the advent of democratic politics. Parties need stable means of communicating with their
electorates in order to identify, select and aggregate relevant grievances, communicate them to the highest
echelons of politics and strive for policies which take account of these political demands' (Poguntke, 1995:
p.3).
Some commentators predicted that the introduction of MMP might reverse the decline in membership numbers. The main premise of such arguments was that the change in electoral systems would to make New Zealand's essentially 'catch-all' parties more like niche-orientated parties of principle, which would make them more attractive as organisations to join (Jackson and McRobie 1998: p.326). Likewise, it was suggested that MMP might increase party numbers because the memberships of the parties might have a substantial role in the selection of the party list. According to Helena Catt, 'Numbers turning out for the major parties had dropped partly because people felt they were not getting anything out of being in the party. A changed system would... mean the parties were more democratic. Membership could rise as the parties became more "likeable"' (paraphrased in Rapson, 1991). It does not appear, however, that MMP's promise has been delivered.

If political parties are to increase public participation in them, it might not be via actual membership. Already many of the parties are attempting to recruit voters into the category of 'supporter'. Like other elements of party development, this follows the North American model of weak party organisations connected with organised supporters rather than 'members'. Other techniques and gimmicks will, no doubt, be introduced to increase membership. The American idea of 'the primary' election, for example, might be legislated for, to increase participation in the parties. Increasingly parties and politicians are also building up large

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76 Similarly, according to McLoughlin, 'Democratic changes could revitalise the political parties. If the law requires candidates to be chosen by party members, it will become worthwhile again for ordinary people to join parties. The more people who join, the less control will be exercised by the faceless ones in head office and the healthier will be our democracy' (McLoughlin, 1993a: p.43). Booker also reported: 'Professor Richard Mulgan, the pro-party voice on the commission, told the Independent, he hoped MMP would boost party membership because parties would become more effective. People would want to belong because they could get things done' (Booker, 1995a: p.16).

77 For example, in 1992 the Labour Party announced the creation of a 'Labour Supporters Club', which was to be a group distinct from the general party membership and one without the usual democratic membership rights. Trotter argued that this development signalled that the leadership was content for the organisational structure to remain 'reserved for a select group of ideologically homogeneous and organisationally effective cadres' and therefore the conflicts inherent in a mass party could be avoided (Trotter, 1992a: p.15).
databases of email recipients for their email newsletters.\textsuperscript{78} Most of these people are probably not party members, but such 'supporters' are a possible future substitute for members.

If parties ever become serious about recruiting members again, they will need to re-examine the roles that they afford members, particularly in relation to the candidate selection processes under the party list system. Alternatively, should the parties – and especially National and Labour – want to reconcile themselves with the reality of the new low-membership, low-participation environment, they will need to restructure their parties accordingly. Formally, the whole organisational structures of the parties are predicated on the involvement of their memberships, and now that they are all without such numbers, the parties need to reassess how they function vis-à-vis their membership. Certainly the parties will eventually have to adjust their party constitutions and structures to adjust for the new reality of low membership numbers.\textsuperscript{79} At the moment most of the parties still carry out such functions as party conferences, candidate selection and branch organisations as if the parties still possessed mass memberships.\textsuperscript{80} In particular, parties in the future are likely to consolidate their empty branch networks, and use electorate – or even regional – meetings more. Other more sophisticated responses such as integrating sector and interest group causes into parties will come about. These ideas have already been under investigation by the National Party:

\textsuperscript{78} Richard Prebble claims to have 30,000 subscribers to his weekly email newsletter.

\textsuperscript{79} A good example of this occurred in 2003 when the National Party decided to lower the minimum number of party members that an electorate must have in order to carry out their own candidate selection. In the 1940s and 1950s the minimum was 2000 (Gustafson, 1986: p.234); From 1996 until 2003, the minimum was set at 900, after which it dropped to 200 (Joyce, 2003).

\textsuperscript{80} As one conference observer noted, 'The trappings of a mass membership party are still there – the huge banner dwarfing the speakers, the lunch wheeled out in industrial-sized pots, the earnest picking-over of remits' (Boyd, 1995a). Rob Allen of the Labour Party head office has also commented on this: 'I think it's a problem in a party that is designed to be a mass membership party – where you have got a variety of processes that are based on mass membership, and if you get too small in any part of the organisation then things like selections can fail to a fewer group than you might think is desirable, or even some of the policy stuff could' (Allen, 1999).
[party official, Lindsay Tisch] said the working party was also investigating the concept of 'cluster groups' to boost membership. That would involve sector groups – for example, people working in the health or education fields – being linked to the party, but not obliged to take part in day-to-day party work. Apart from providing a wider catchment for membership, those in the cluster groups would provide expertise which would strengthen policy formation (Armstrong, 1994: p.1).

Parties have also been looking at ways to make the internet work for the organising of membership. For example, Labour party president Bob Harvey announced his plans in early 2000 to give the email address of the prime minister and ministers to members in order that they would be able to participate in the democratic process (Laugesen, 30 Apr 2000: p.3). Likewise, in November 2000 the new president of the Labour Party, Mike Williams, was reported as saying that he

would look at internal party communications and alternative ways to organise. For instance, in large electorates such as the Maori seat of Te Tai Tonga, teleconferencing and other new technology approaches might be more appropriate than a branch and electorate committee structure. Pressure on people’s time and the young’s interest in new technology might even open the way for "virtual branches," (Small, 2000).

Despite these innovative ideas, the reality is that any real increase in party numbers will ultimately only come out of an increase in the politicisation of society. Attempts to increase membership are often based on superficial strategies rather than representing anything meaningful. As Levine argued in 1979, politics needs to genuinely change before party membership can substantially increase:

To intensify participation in partisan politics requires the scope and meaning of political conflict to be widened and personalised. The enlargement of public involvement in politics cannot be manipulated into existence, but must emerge out of a renewed awareness of the salience of politics, and of the existence of meaningful alternative choices (Levine, 1979: pp.72-73).

81 Some political party websites, such as the Green and National parties, now have member login areas where internal party information can be displayed and debated.
Chapter Six: Party Organisation and Membership

Whether parties should actually want to increase their memberships is an important question. For example, it might be asked if it is actually such a bad thing that political parties no longer attract members for social entertainment reasons. Now parties only draw those who are genuinely interested in belonging to a party for political reasons. Having mass memberships meant that the extra-parliamentary parties risked being flabby and almost apolitical bodies that served no real purpose other than self-legitimation. That very few New Zealanders now join any of the parties could be seen as a verdict from voters about the state of the political parties. It might suggest that the parties have a diminished legitimacy for New Zealanders.

Most commentators still call upon the political parties to make themselves more attractive to potential members. For example, Miller suggests the parties need to try ‘democratising decision-making processes with a view to giving membership and activism some value, and providing greater opportunity through the candidate-selection process for the revitalisation of the party leadership’ (Miller, 2001: pp.238-239). This is unlikely to happen, and by showing that they can exist adequately without large memberships, the political parties have generally made the mass party model a thing of the past. New Zealand political parties simply do not need large memberships anymore. The new political era does not require the old army of canvassers on the ground. Reviving political parties is therefore simply not on the agenda or even the wish-lists of party leaders. The parties have proven that they can function more than adequately without a membership, let alone an active membership. Party membership in 2003 is possibly just an anachronism.

Conclusions

The mass membership form of the political party is clearly extinct in New Zealand. It has been superseded by the electoral-professional form of party,
which has the organisational characteristics of a low capacity for membership participation and a strong reliance on capital resources and party professionals. This chapter has therefore emphasised one side of the transition to the electoral-professional form of party organisation: the decline in membership numbers. It has outlined this transition by showing that membership of the parties has become increasingly unpopular in New Zealand, with numbers declining substantially in the mid-1960s and again since the mid-1980s. The slump in numbers illustrates that, beyond merely receiving votes, none of the parties in Parliament have any kind of substantial enthusiastic support. The paid-up grassroots membership of both Labour and National is now only a fraction of their respective levels of even 20 years ago.

Although it is generally difficult to establish the exact membership figures for the parties, this chapter has investigated the numbers through a variety of sources and arrived at the following estimations. As far as can be judged, in 2003 the main political parties had roughly the following membership numbers: National, 20,000; Labour, 14,000; New Zealand First, less than 5000; Act, 5000; the Greens, 4000, United Future at least 3000; the Alliance 2000; and the Progressive Coalition Party 2000, and other minor parties probably had another 10,000 members combined. In total, therefore, about 70,000 New Zealanders belong to political parties. In stark contrast, in 1960 – a time when the electorate was half the size it is today – the National Party alone claimed a membership of 246,000.

Party membership used to be one of the important linkages between the state and civil society. Without it now, the classical democratic view of parties as a link between the ruled and the rulers is under strain. The decline means that the parties are not performing their participatory linkage function particularly well, and it illustrates once again that political parties' ties with society are eroding. This is the same focus and conclusion of chapters Four, Five and Seven. This chapter

82 See Appendix A.
has argued that the professionalisation of the parties is one of the key reasons for the decline of participation in the parties. In the new model, party members are less useful and therefore the recruitment of members is a low priority for the party leaders. But it also works the other way, in that the declining number of members encourages the parties to professionalise further, producing a self-reinforcing cycle.

The story of declining party membership numbers is another version of how capital resources have replaced labour resources in politics. Quite simply party membership has become largely irrelevant as the style of electoral campaigning has shifted towards a more capital-intensive approach. This chapter shows that all the New Zealand parties have – to varying degrees – moved on from being labour-intensive parties to being capital-intensive parties reliant on professional labour. This is also the focus of the next chapter.

Integral to this process is the commercialisation of political parties. Parties today are commodified by professional marketers. The parties today are generally professionalised election-oriented organisations. This decline in membership numbers and increase in professionalism has led to weaker party organisations. As is argued earlier, such weaker parties are not good for democracy because parties are essential to the democratic process in New Zealand. New Zealand's electoral system is, however, party-based, which makes the decline of the public's participation in them particularly problematic. As Gustafson argues, 'if you don't have strong parties, then you limit politics to an elite with money and ambition and access. The mass of the population, particularly the relatively poor and powerless, become alienated from the system. It is dangerous to the health of society' (quoted in Bain, 1999d: p.8). Likewise, Raymond Miller has argued, this new era of passive party membership has serious implications for the future of New Zealand democracy:

Unless citizens are given incentives to join up, parties will continue to wither as mass-base organisations. This may have little immediate impact on their ability to contest
election campaigns, particularly given the level of dependency on state and corporate funding, as well as on professional expertise. However, over time it is likely to accelerate the process of public disengagement and exacerbate feelings of political cynicism and distrust (Miller, 2000: p.19).

This chapter suggests that in moving from mass membership parties to electoral-professional organisations, the very character of the New Zealand political parties have changed. They are increasingly looking like organisations 'of leaders' rather than 'of citizens', and their activities look like the enterprise of a political elite rather than the functioning of a participatory democracy.
Chapter Seven

Party Finance and Professionalisation

The broad changes in the organisation of New Zealand political parties in recent decades can be viewed in part as reflecting the shift from a labour-intensive use of resources to a more capital-intensive regime in which party professionals dominate. Chapter Six showed that since the 1960s there has been a shift away from the mass membership party model, in which parties' volunteer labour resources have been declining. This chapter shows that the corollary of this is the increasing importance of financial resources. Carrying out today's sophisticated media and public relations functions now requires considerable sums of money and expertise. This new electoral-professional model adopted by New Zealand political parties means the ways in which parties are materially sustained have changed significantly. A new era of political finance has come about.

Where New Zealand political parties obtain their financial resources from is largely a mystery, or is at least very misunderstood. According to Austin Mitchell, writing in 1962, the parties have 'an obsessive concern with shrouding their finances in secrecy' (Mitchell, 1962b: p.77). Forty years later Jack Vowles points out that, 'The study of party finance in New Zealand has been practically non-existent, because parties do not release data for public scrutiny' (Vowles, 2002b: p.420). Yet the use of resources is of vital significance to the operation of democracy. The answer to the question of 'who supplies the funds to the political parties?' is one that demonstrates the nature of modern party politics and its ideological conflicts. As Herbert Alexander has argued, 'Light thrown upon
transactions involving money illuminates political processes and behaviour and improves our understanding of the flows of influence and power' (Alexander, 1989: p.10).

By looking at political finance, this chapter shows the significant way in which political parties have changed. Traditionally, parties have been kept viable through a mixture of funding from party members and the business community or trade unions, and these patterns of funding are indicative of where political influence lay. Robert Milne wrote in 1966 that,

the sources from which parties obtain their funds are often suggestive of the policies they follow and of which sections in the electorate supports them. The fact that Labour is financed mainly by trade unions, and the less open financing of the National Party by business and farming groups provides suggestive information (Milne, 1966: p.85).

This statement no longer accurately portrays the sources of political finance in New Zealand. Now, the contributions from individual businesspeople, businesses and especially the state play a much greater part in sustaining political party activities. This shift reinforces the party elite's decreasing reliance on volunteer activity. The pursuit of financial resources becomes more important than the recruitment and retention of members, and without such a membership the loosening of the ties between parties and key social constituencies is exacerbated. At the same time, as parties compete for resources from capital-rich sectors such as business,¹ the gap closes between what different parties represent, and all parties can less afford to alienate business, producing pressures for homogeneity of party ideology. Moreover, the new financial linkages indicate that the nature of modern political parties is one in which differences between Labour and National have drastically declined. In general, the changes have implications for party decline because they illustrate the eroding linkages the parties have with key social constituencies. The changes also reinforce the idea that in adopting an electoral-professional organisational

¹ Today, even parties such as the Greens and the Alliance seek and receive business funding – as shown later in this chapter.
style, the New Zealand parties are becoming little more than well-funded groups of elites that are not well integrated into civil society, reliant on capital resources rather than labour resources.

The two basic forms of resources used by political parties are capital and labour. The labour resources of a party are generally comprised of the membership and party activists, and were seen in Chapter Six to be increasing unavailable to and unutilised by the modern parties. The last chapter showed that in the past the possession of labour resources has been deemed the most important resource for a political party, and this led the parties of the right, such as the New Zealand National Party, to imitate the organisational and recruitment structures of the mass membership parties of the left. This chapter looks at the capital resources (or 'party finances') used by New Zealand parties. It examines where parties obtain capital resources from, how they use them, and how important this resource is for the operations of modern parties. It argues that since the 1960s the relative value of the two resources has shifted significantly in favour of capital resources, because parties have invariably become more reliant on capital resources as modern media and technology-driven political marketing came to the fore. In particular, a number of innovations have been made for 'listening to' and influencing voter opinion. Although these methods are very cost-effective, they still make political marketing relatively expensive and conversely make labour resources relatively redundant. Adopted in election campaigns and throughout the parliamentary cycle, these advances in technology and expertise have thus disrupted the previous balance between capital and labour resources, having huge repercussions for the way parties gather and organise these resources.

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2 These terms are commonly used in the political party literature. For example, see Ware (1996; chapter ten), and Maor (1997; chapter four),
Part One of this chapter looks at the typical income streams in New Zealand politics. The general finances of each individual party are then detailed in Part Two. Part Three explores the professionalisation related to changes in party finance.

**Part One: Party Income**

The typical income streams for the New Zealand parties can be broken down into eight categories: membership contributions, business contributions, interest groups, international sources, candidates and MPs, enterprise and funding, donations from individuals, and the state. These are outlined below.

**Membership Contributions**

The idea that political parties in this country are democratically resourced by a large number of New Zealanders has been around for a long time and is repeated continuously by the parties – especially Labour. This notion of mass membership finance was reinforced by the Royal Commission on the Electoral System (RCES) in 1986:

> For the most part, our parties have met their financial needs from small donations from their members and supporters. By concentrating on the establishment and cultivation of large membership bases, the parties have avoided relying on substantial contributions from either the State or a limited number of large institutions or corporations. This has had beneficial effects, both in terms of high political participation by ordinary New Zealanders and in terms of the responsiveness and representativeness of the parties themselves (RCES, 1986: pp.216-217).

The Labour Party informed the RCES that it derived most of its income from party membership (dues, fund-raising drives, donations), followed by business donations, and then by trade union affiliates (RCES, 1986: p.213). Again in the mid-1990s, Labour's president, Maryan Street, claimed 'we are a Party whose financial base is almost entirely dependent on membership activity' (Street, 1995:
p.1). In 1999, the party's general secretary, Rob Allen, continued to claim the bulk of the party's finances came

from fundraising of our membership – from the ground up – from your cake-stalls, your garage-sales, your raffles. So I would say 60-80 percent in non-campaign years, or better, is raised by the party. In campaign year the corporate donations stuff ends up at about maybe a quarter of what is spent (Allen, 1999).

Although there is continuity in the claim that parties are membership-financed, there is discontinuity in the reality. All of the recently available evidence suggests that, largely because of falling membership numbers and activity, only a small proportion of party finances is now raised from members, and if anything, it is likely the costs of servicing these members is greater than the contribution they make.\(^4\) Membership dues are normally only about $5-10. They are kept sufficiently low so as to encourage maximum participation.\(^5\) Compared to other Western liberal democracies, New Zealand's level of fees is relatively low and yields very little money for the parties. In contrast, it is interesting that the Social Democratic Party (SPD) in Germany raises about NZ$180 million from its membership – averaging a levy of about NZ$200 per member.\(^6\)

\(^4\) The Alliance estimated that the average cost of servicing each of their members is about $25 per year.

\(^5\) The Labour Party membership fees are $11 for "Single Waged", $6.60 for "Single Unwaged", $16.50 for "Family" membership and "Supporters" pay an "Optional Donation". Some other parties have a basic joining fee, like United Future ($10), Act ($10), the Greens ($5), and the Progressive Coalition Party ($5). The Aotearoa Legalise Cannabis Party asks for a $10 minimum donation, but accept $5 from the unwaged. The Democratic Party has a $10 fee too, but this provides full membership for three years. National by contrast has no fixed subscription rate, although some of their regional organisations set their own rate (usually $5), and from 2004 the party will set a fee of $5. Similarly, the Alliance asks just for a donation, and the Libertarianz request a $10 suggested donation. In a sense, some of these donations are really membership fees, as upon paying a membership fee many parties expect and/or encourage that a donation is provided along with the nominal fee. According to the Electoral Commission the minimum fee a party can charge is five cents per member. Actual donations from party members probably form a greater income stream for the parties.

\(^6\) In the German SPD membership fees are determined by the income of the party member – generally calculated at one percent of a member's gross income. By European standards, the British Labour Party has
According to international data, parties in Western democracies typically now raise less than a quarter of their total income from members' contributions (Pinto-Duschinsky, 1998). In France membership contributions account for about 20 percent of party income (Miguet, 1999: p.50). In New Zealand, most parties appear to derive an even lower proportion than this. For instance, it was revealed in 1993 that of the Labour Party's annual national office income ($1.61 million), membership fees ($73,090) only contributed about five percent (Edwards, 1994).

**Business Contributions**

Business interests have traditionally played a substantial role in resourcing New Zealand's political parties, especially those of the right. In the 1970s and 1980s the major parties became more dependent on the largesse of business. More recently the traditional patterns of business donations have been interrupted by the changing ideological nature of the party system and the Labour Party now receives similar business funding to National.

The declining ability of the parties to obtain funds from their members, together with the increased professionalisation related to the decline in membership, has meant the business community became a much more significant supplier of resources. That business interests became the life-blood of New Zealand political parties in the 1980s is confirmed by the former Prime Minister Geoffrey Palmer:

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very low fees, yet at NZ$45 (full fees) and NZ$15 (concessionary) these are still much greater than in New Zealand (Linton, 1994: p.43).

7 Another French writer, Yves Marie Doublet, has calculated the figure at a lower level, saying that 'the contributions of the members represent in global [terms] 8.3% of the resources of the parties' (Doublet, 1999: p.68).

8 The Labour Party provides a good illustration of the decline of membership funding, as eight years earlier, in 1986, it told the RCES that it received about $500,000 per year in branch membership fees.

9 Writing in 1948, Lipson described National as being 'dominated by the vested interests of property, business, and finance' (Lipson, 1948: p.251).
Political parties are kept viable by donations from the business community. Financial donations from rank and file members are quite inadequate for the day-to-day running of a modern political party let alone for financing election campaigns. The 1987 and 1990 election campaigns of the Labour Party were financed by extensive donations from the business community. The Labour Party campaign received at least $3 million in 1987 (Palmer, 1992: p.138).

As well as cash donations, parties receive financial aid from companies in other forms. Such benefits-in-kind that are often not disclosed are those company resources put at the disposal of political parties such as employees, cars, computing systems, and office space. A significant example was the jet that business giant UEB provided to the Labour Party in 1987 to transport Prime Minister David Lange around the country (Frontline, 1989). The National Party, too, allegedly had its campaign plane funded in 1987 and 1990 by the Carter Holt company (Dominion, 1995b: p.2). Likewise, during the 1987 general election campaign, millionaire-businessman Bob Jones published and distributed 400,000 pamphlets in support of the Labour Party (Jones, 1990b).

It is difficult to ascertain the exact levels of business donations to parties. Both party and donor usually try to keep their transactions secret. However, since April 1996 political parties have been required by law to disclose to the Electoral Commission all donations over $10,000. Although large donations come from a number of sources, the Electoral Commission’s figures give some indication of the level of business support, as most donations over $10,000 tend to be from businesses and businesspeople. In the seven-year period since disclosures of party donations began, donations over $10,000 have amounted to $7,528,659 (see Table 7.1).

The $10,000 threshold does not simply apply to single donations, but also applies to all aggregated donations from a single donor during a year. See Chapter Nine.

These figures include donations from sources other than business, but a study of appendices P-V suggests that business sources make up the bulk of large donations. Some caution is required with these figures, however, because the donation disclosure laws have significant loopholes, which means that parties might well be receiving substantially larger incomes from business donations than the official figures suggest. See Chapter Nine for more on this.
Table 7.1: Total Donations Declared

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Donations</th>
</tr>
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<tbody>
<tr>
<td>1996*</td>
<td>$989,152</td>
</tr>
<tr>
<td>1997</td>
<td>$466,596</td>
</tr>
<tr>
<td>1998</td>
<td>$309,355</td>
</tr>
<tr>
<td>1999*</td>
<td>$3,649,572</td>
</tr>
<tr>
<td>2000</td>
<td>$189,436</td>
</tr>
<tr>
<td>2001</td>
<td>$365,597</td>
</tr>
<tr>
<td>2002*</td>
<td>$1,558,951</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,528,659</strong></td>
</tr>
</tbody>
</table>

Source: The Electoral Commission

Note: Election years are marked with an asterisk.

These figures – averaging about $1 million per year – do not seem to be terribly extravagant. Even in election year, they suggest an average of only about $2 million is given. In contrast, the Electoral Commission alone allocates over $2 million dollars to political parties at each election, to be spent on broadcast advertising in the few weeks leading up to the election.

These relatively low donations suggest the idea that political parties are surviving only on the largesse of corporations might be something of a myth, and arguably such donations are generally becoming less the 'life-blood' of the party system, as other forms of funding become more important. Generally in the 1990s, corporate funding of political parties appears to have decreased. Both National and Labour have reported less interest from big business in making donations. In a 1999 interview, the general secretary of the Labour Party, Rob Allen, complained that 'the corporate sector has not in any way played a part in

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12 These are the totals of donations over $10,000 declared at the national level.
13 1996 was only a partial year, as the donation regulations did not start until 1 April. Consequently it is likely that many donations for the 1996 election year occurred prior to 1 April to avoid disclosure. For example, it was revealed in 2002 that Fay Richwhite made donations of about $300,000 to the National Party in March 1996.
14 The Electoral Commission does not publish the donations declared by the parties, but makes the disclosures available to the public at its offices in Wellington.
elections in the way that they used to' (Allen, 1999). Likewise, British party finance specialist Michael Pinto-Duschinsky has illustrated this trend by pointing out that in Britain, 'The proportion of Conservative central income derived from corporations declined from about three-fifths in the 1970s to one quarter in the early 1990s' (Pinto-Duschinsky, 1998). This decline in business donations is mirrored by a worldwide trend related to the decline in the saliency of class cleavages in politics. Business does not act in the same collective fashion that it was once more inclined to. The industry associations that have in the past played an overtly political role now intervene in politics on a more pragmatic basis, often donating to parties with influence instead of the parties that they might be more traditionally or ideologically aligned with. Pinto-Duschinsky has also argued that since the 1950s collective business funding bodies have had a lesser role in funding political parties:

> Corporations are now more likely to contribute on an individual basis and without the intervention of intermediary bodies. Advantages that could accrue to the donor business itself seem somewhat more likely to be the motive for political payments in the modern era than general considerations of class struggle (Pinto-Duschinsky, 1998).

It seems that when class politics was at its height, businesses in Western countries felt more obliged to confront what they saw as the dangers of Soviet-inspired communism, and therefore aided those movements that would counter such perceived threats. With the demise of the communist states and the related decline of class politics in general, there is less need for business to financially back their 'parties of capitalism'. Therefore just as fewer citizens today align themselves to political parties through membership or stable voting, businesses

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15 See also: Vaughan (2003), who argues that the level of corporate funding has decreased, and one explanation put forward is that New Zealand is 'becoming a branch office with many major foreign companies relocating the staff who make decisions about NZ offshore' and are therefore less likely to donate (Vaughan, 2003: p.7).

16 According to Pinto-Duschinsky, 'The system of corporate versus trade union funding of politics probably reached a peak at the time when political conflict itself was based predominantly on class lines, with a party of business and of the middle classes competing against a party of the workers. Since the 1960s, the
are increasingly keen to promote an image of corporate political independence. This is not just for the benefit of public relations, but also to appease company shareholders who increasingly question the economic utility of political donations.¹⁷

In New Zealand there has been a definite breakdown in the classic donation patterns, and the class-bias in favour of the National Party has become much less pronounced, if not reversed. As detailed later in this chapter, Labour is currently the main recipient of business donations.¹⁸ More significantly, the broader trend is for businesses to donate to several parties across the party system rather than just to the parties of the right.¹⁹ This is something that presidents of both National and Labour agreed upon in 2002. National president Michelle Boag stated, ‘It’s clear to me that organisations of a business nature... certainly tend to donate right across the political spectrum. That is my experience’. Her Labour counterpart, Mike Williams, declared, ‘I think almost all of the people who make anonymous donations directly, probably make equal

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¹⁷ See Fisher (1999b: p.88). This corporate political independence is particularly the case in Britain, where surveys covering the late 1980s and early 1990s show that ‘only around 12% of the top 1000 companies and 6% of the top 4000 companies made a political donation’ (Fisher, 1999: p.88). Fisher has also found that in Britain ‘donations as a proportion of profit have tended to be very small (a mean of 0.1%)’ (ibid).

¹⁸ For a contrasting view see Roper (2000b: p.13), who maintains that donation records show that, ‘There is no doubt that business did not want a Labour/Alliance victory in the 1999 election.’

¹⁹ Businesses are now less inclined to donate solely to the National Party. According to Mulgan, ‘Fletcher Challenge donated $50,000 to both National and Labour in 1990’ (Mulgan, 1997a: p.254). According to Electoral Commission records, in 1997 the National Gas Corporation gave $15,000 to Labour and $35,000 to National. In 1998, the Natural Gas Corporation gave $27,500 to both National and Labour. In 1999 AMP gave $15,000 to both National and Labour. Brierley Investments gave $25,000 to Labour and $50,000 to National. Clear Communications gave $15,000 to both National and Labour. The National Gas Corporation gave $30,000 to both National and Labour. Saturn Communications gave $20,000 to both. Tower Ltd gave $11,000 to each. Transalta gave $20,000 to Labour and $25,000 to National. TV3 gave $25,000 to both Labour and National. In 2000 Westpac Trust gave $15,000 to both main parties. In 2001 Westpac Trust again gave $15,000 to both parties. Ericsson Communications gave $20,000 to both parties. Contact Energy gave $25,000 to both parties. In 2002 Sky City Casino gave $40,000 to both main parties.
donations to both major parties’ (quoted in Revington, 2002: p.34). Likewise, according to the Labour Party general secretary in 1999, Rob Allen, ‘90 percent of the corporates that give to politics give in an even-handed fashion as corporate citizens... And 5-10 percent, not even 10 percent, probably 2-5 percent choose to give hugely to one side of politics’ (Allen, 24 May 1999).20 Some view such even-handedness as an indication of fairness or ‘public service’ (Mulgan, 1997a: p.254). There are also alternative explanations which are not related to the perceived altruism of business, but to the idea that business interests recognise the old models of politics have broken down. In this situation businesses opportunistically vary their contributions according to electoral circumstances, giving more to National and Act when these parties have a high probability of winning power, and to Labour and the left parties when National’s chances are low. The existence of this pragmatic approach is confirmed by one former National Party campaigner who says, ‘Businessmen are fundamentally pragmatic people and giving money to losing causes isn’t something that’s high on the list’ (quoted in Vaughan, 2003: p.6). On the other hand, donations are probably given to parties in opposition because – equally pragmatically – donors take a longer-term view of ‘not wanting to anger the party in opposition because it may be back on the treasury benches before too long’ (Vaughan, 2003: p.6).

It is also likely that business donors give in a manner which they believe reinforces the new policy consensus. But business donors obviously have different views on which parties are within the policy consensus. For example, while in 1998 Westpac Trust donated $30,000 to both National and Labour as well as a further $10,000 to the Alliance, in contrast the ANZ Bank gave $10,000 to the National Party, $5000 to Labour, and $5000 to Act. The bank refused financial support to the Alliance or New Zealand First, saying that it only gave backing to parties that supported a market-oriented economy (NZPA, 1998e: p.16).

20 See also: Vaughan (2003), who cites one large company that splits ‘its donations in line with opinion polls’ (Vaughan, 2003: p.6).
Interest Groups

As shown in Chapter Five, interest and pressure groups often provide financial resources to the political parties that they are in some way aligned with. This financial aid comes in other forms apart from donations – aligned groups also spend their own money on political campaigns that favour a particular party. As Pinto-Duschinsky has pointed out, 'The bourgeois parties receive their most significant form of indirect support through large, professional public relation campaigns' (Pinto-Duschinsky, 1998). One of the most obvious New Zealand examples was in 1975 when a privately organised group, the Capital Club, backed by the millionaire Bob Jones, ran a large-scale advertising campaign supporting National. Other well known examples include the Employers’ Federation campaign in favour of the Employment Contracts Act in 1996, and the Engineers’ Union $300,000 campaign to change the government in 1999. But, as was explained in Chapter Five, most interest groups tend to refrain from appearing openly aligned to any one particular political party. The relationships between interest groups and parties in New Zealand are normally personal rather than formal. It is common that individual members or leaders of an interest group will support a particular party in the expectation the party will also support their interests. As a result of the weakening alignments and linkages between parties and interest groups, the funds from these sources are relatively insignificant for the New Zealand parties in the 1990s. For instance, despite the rhetoric and out-dated tales to the contrary, even the Labour Party obtains only very limited funding from the few trade unions still affiliated to it. Interest groups whose economic and political interests are more closely aligned with one party are obviously more likely to have a closer relationship – formally or not – with a particular political party. But in today's party system, political parties broadly seek to serve the same interests as one another, and hence there is little point in interest groups aligning themselves to any of the parties, when they can more effectively further their goals by pursuing good relations with all parties.
International Sources of Income

When the Cold War was at its height, many Western political parties derived a substantial amount of their income from foreign sources – mainly from the United States and Soviet Union.21 There have often been rumours of such foreign aid being directed into New Zealand parties, and especially that the Communist Party of New Zealand (CPNZ) and the Socialist Unity Party (SUP) were funded in the past by ‘Moscow gold’. As a consequence, in 1980 the New Zealand Government expelled the Soviet Ambassador. Recently, with the opening of the former USSR’s state archives, it has been revealed that the Soviet Union gave donations of US$48,200 to the two parties between 1959 and 1973 (NZ Herald, 1998a).22

The right of New Zealand politics is not free from such allegations either. In the 1975 general election, rumours surrounded the funding of the National Party’s controversial ‘dancing Cossacks’ television advertising campaign. According to Chris Wilkes, there is reason to think that the United States CIA and South African business interests provided the money for the campaign (Wilkes, 1978: p.220). The ‘dancing Cossacks’ cartoon advertisements were estimated by trade sources to have cost about $200,000, and Wilkes suggests an improper funding arrangement occurred:

21 According to Pinto-Duschinsky: ‘After the Second World War, party channels were again used to export political influence by both sides in the Cold War. While the Soviet Union continued to back overseas Communist parties and other sympathetic organisations (such as selected trade unions, liberation movements, and newspapers), the United States and its Allies also made frequent and large-scale payments to anti-Communist politicians and parties in countries threatened by Soviet infiltration’ (Pinto-Duschinsky, 1998).

22 The SUP leader, Bill Anderson, has said that if any such money was being passed to the party it was only ‘small amounts to cover fares and accommodation for study tours or visits to Eastern Bloc trade union institutes’ (Barnett, 2000: p.11).
National claimed that they had been produced ‘at cost’ by the American company Hanna-Barbera, who were willing to experiment with political films. Why an American company should be involved in experimenting with the New Zealand political system is far from clear (Wilkes, 1978: p.220).

Since the fall of Soviet-Communism such ideologically-motivated international funding is much less typical today and is probably only of very limited influence in New Zealand. Certainly there is little information available about donations to the New Zealand parties from foreign businesses or individuals. Unlike some other countries, no law exists against such donations and the large anonymous donations that are declared by the parties to the Electoral Commission could conceivably be sourced from anywhere outside the country. In fact most of the known business donations are from foreign-owned companies operating in New Zealand – businesses such as Tower, Transalta, TV3, Westpac Trust, and Clear Communications.

Candidates and MPs

Many of the financial resources provided for the election campaigns in each electorate are provided by the party’s local candidates, as traditionally they must raise their own money for their campaigns. In some parties the successful candidates are also expected to contribute to the party’s general campaign fund. This is often carried out through a requirement for MPs to contribute financial resources – normally a proportion of their salary – to the party organisation (often referred to as a ‘tithe’). The Alliance and Green Party expect MPs to contribute about nine percent of their salary, and New Zealand First levies its MPs at the

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23 According to (Pinto-Duschininsky, 1997), bans against foreign donations to political parties exist in Brazil, Canada (partial ban), France, Germany (partial ban), India, Israel (partial ban), Japan, Malaysia, Poland, Russia, Spain, Taiwan, Turkey, United States, and Ukraine.

24 As one Labour candidate wrote in 1978: ‘We received no financial assistance from head office. All funds had to be raised locally’ (Shand, 1978: p.177).

25 For this reason, Alliance MPs were sometimes included in the Alliance’s donation disclosures to the Electoral Commission. These figures ranged between $10,000 and $16,000. Likewise, the Green Party
lower rate of five percent (Speden, 1996c: p.2).\textsuperscript{26} This money helps operate the extra-parliamentary party and fund their general election campaigns.

MPs also use their own personal finance within their parties to obtain advantage. For example, MPs sometimes pay for supporters to travel to conferences, and within the Labour and National parties this has led to allegations that MPs have attempted to buy votes.\textsuperscript{27}

**Enterprise and Fundraising**

Traditionally New Zealand parties have raised much of their income through their own enterprise and investment, but this form of income generation is on the decline. Such activities range enormously from the fundraising cake-stall of the local branch of the party, through to investments in property undertaken by the national office. Local electorate organisations carry out traditional fundraising activities such as housie nights, fairs, lotteries and raffles. But such sources of gaming income were greatly reduced when poker machines were introduced to licensed premises in the 1980s.\textsuperscript{28} In some electorates, parties such as Labour and the Alliance have recently raised large sums from these traditional activities, but where this now occurs, it is more an aberration than the norm.\textsuperscript{29} As an

\begin{itemize}
\item \textsuperscript{26} Act’s 2002 fundraising boss, John Boscawen, also emphasises that Act MPs back the party with their own money, but does not specify how (O’Sullivan and Small, 2002b).
\item \textsuperscript{27} This was the case at Labour’s 1988 annual conference: ‘It was claimed some MPs were buying votes for [Ruth] Dyson by paying the conference registration fees of absent branches and voting for them. One MP was said to have personally spent $640 to back Dyson in her bid for the party presidency (McLoughlin, 1990b: pp.57-59).
\item \textsuperscript{28} Gaming machines have, however, provided some income for the parties: ‘A Department of Internal Affairs source said $73,000 was declared donated to political parties in 1999/2000 from... non-casino gaming machine proceeds’ (Anderson, 2002). Then in 2002 the government introduced the Responsible Gambling Bill prohibiting political parties from receiving grants from gaming machines.
\item \textsuperscript{29} See: appendices P-V. Many anecdotal examples exist of declining electorate funding. One documented example of the decline is by Vitalis who studied the NLP electorate organisation in Sydenham, and says
\end{itemize}
Chapter Seven: Party Finance and Professionalisation

Illustration, the Alliance remains relatively reliant on the fundraising of its electorate branches, and in 2000 the head office received levies totalling $110,000 from the regional organisations, compared to $38,100 received in joining fees and donations (Alliance, 8 Jun 2000). The Labour and National parties have traditionally run a number of cake-stall type ventures at their branch level, and according to donations to the Electoral Commission, some Labour Party electorate branches still raise substantial funds from their local activities.³⁰

In the 1990s the Labour Party probably raised only a small amount of money from its property management. In 1994 it was reported that the party-owned incorporated society, LP Properties, had $400,000 in assets and the electorate organisations owned a further $630,000 in property (Underhill, 1994b: p.9). The National Party has a number of property investments that are technically owned by an entity called 'National Centre Incorporated'. For example, in 1985 the party sold one of its properties (a Wellington 10-storey office building) for $5.7 million, providing it with a $2 million profit (Dominion, 1989a).³¹

Donations from Individuals

As traditional sources of income erode, the contributions from individual wealthy patrons have become increasingly important for all the parties. As New Zealand develops more and more wealthy individuals, this obviously gives the parties a larger pool of potential major financers.

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³⁰ See: appendices P-V.

³¹ The National Party has also run 'affinity' credit cards to obtain income - which has been a common money-raising option for many non-profit organisations. According to Pinto-Duschinsky, 'By arrangement with a bank, party supporters may use a special version of a major credit card. This will usually carry a special party logo and the bank administering the card will remit a small percentage of all purchases made with the card - typically 0.25 percent - to party funds' (Pinto-Duschinsky, 15 Sep 1998).
In the past, it has been the parties on the right of New Zealand politics that have been largely reliant on the patronage of a small number of individuals. For example, Robert Milne has outlined how the Reform Party obtained the bulk of their financial resources from a few wealthy supporters: 'the Dominion Executive of the Reform Party when appealing for funds in the 1920’s, used, rather casually, to ring up a few key people, some of whom would give as much as £1,000 each' (Milne, 1966: p.123). This occurred in the days before mass-membership type parties, and later Labour and National developed into large parties reliant more for their money on a sizeable number of members. Things have now, in a sense, turned full-circle and New Zealand political parties are again reliant on the patronage of wealthy individuals. In fact, as early as the 1970s there were signs that contributions from individuals were proving more important than grassroots fundraising. One candidate in the 1972 general election reported this phenomenon:

> Our attempts to raise funds through a weekly housie evening proved unrewarding. In typical Labour Party fashion, however, we held a large fair which netted us over $600 and gave us just the financial boost we needed as the campaign drew closer. In fact donations began to flow in thick and fast as the campaign got under way. All in all we received some $1 500 in donations from individuals. This was a marked difference from previous elections when the amount would typically have been less than $100 (Shand, 1978: p.177).

Then, in the 1980s, a decline of grassroots fundraising occurred, especially due to the increasing attraction and supply of alternative sources of income. This is illustrated by ex-Labour Party minister Trevor De Cleene who pointed to the advantage of receiving donations: 'You can sell raffles for a trailer-load of groceries – but nothing beats a three or four hundred thousand dollar subscription' (quoted in Frontline, 1989). Therefore, with the days of the mass party over, the modern electoral-professional political parties are often being ‘bankrolled’ by a small number of patrons. In 1983-84 millionaire Bob Jones almost single-handedly funded the establishment and operation of the New
Zealand Party. Even the left-wing NewLabour Party received considerable backing from a few individuals. In one case, the party claimed to have a pledge from a ‘Greek socialist fish-merchant’ for sums of $10,000 and $50,000 (Phil Twyford, 1989). Later in 1999 the Alliance received $50,000 from a supporter in Auckland. Similarly, the Labour Party appears to occasionally obtain large estate bequests through the Public Trust Office, including one in 1997 for $190,000. The party’s three most recent presidents have also all been millionaires willing to work for the party for little or no financial reward and have connected the party with other potential donors of great individual wealth. Act has, in the past, been the recipient of large donations from wealthy individuals, including Sky TV founder and millionaire Craig Heatly and businessman Alan Gibbs.

The State

The most significant change in political funding is the ‘revolution’ that has occurred in the state funding of the parties in Parliament. Chapter Eight deals with this topic in depth, but the most basic details are that the parliamentary parties are given budget allocations to pay for the costs of each leader’s office, spending on research, media relations, and co-ordinating the work of the party’s MPs in Parliament. The level of funding allocated by Parliamentary Service for each party is determined by a number of factors relating to the number of seats the party holds in Parliament, what proportion of these are electorate MPs, and how many are outside the Executive. The party in government receives additional funding through Ministerial Services.

As Table 7.2 (below) shows, in the 2000-01 financial year the parties in Parliament received a total of $12 million in ‘Party and Members Support’. This money is used for hiring specialist staff, publishing, postage, and so on. In

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32 Jones was also alleged to be an early major financial backer of New Zealand First, giving the party $50,000 in 1993 (Scherer, 1994b).
addition, Table 3 shows a number of other parliamentary services that political parties benefit from – such as $13 million spent on executive secretaries, $7.7 million spent on MP travel, $3.2 million spent on telecommunication, and $4.2 million spent on computing and other information services.

<table>
<thead>
<tr>
<th>Party</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Party</td>
<td>$4,800,902</td>
</tr>
<tr>
<td>Labour Party</td>
<td>$4,376,007</td>
</tr>
<tr>
<td>Act New Zealand</td>
<td>$1,001,487</td>
</tr>
<tr>
<td>Alliance</td>
<td>$810,504</td>
</tr>
<tr>
<td>Green Party</td>
<td>$800,504</td>
</tr>
<tr>
<td>New Zealand First</td>
<td>$564,994</td>
</tr>
<tr>
<td>United New Zealand</td>
<td>$130,163</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,484,561</strong></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Services in Parliament</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretarial Support</td>
<td>$13,081,600</td>
</tr>
<tr>
<td>Members Communication</td>
<td>$3,296,036</td>
</tr>
<tr>
<td>Members’ Travel</td>
<td>$7,710,401</td>
</tr>
<tr>
<td>Information Services</td>
<td>$4,200,594</td>
</tr>
<tr>
<td>Building &amp; Operations Management</td>
<td>$14,007,359</td>
</tr>
<tr>
<td>Catering Services</td>
<td>$755,359</td>
</tr>
<tr>
<td>Personnel &amp; Accounting Services</td>
<td>$572,237</td>
</tr>
<tr>
<td>Policy Advice</td>
<td>$194,618</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$43,818,204</strong></td>
</tr>
</tbody>
</table>


**Part Two: Resources of the New Zealand Political Parties**

In recent years there have been substantial changes to the income streams of political parties. An examination of the individual parties provides greater detail about the alterations to these patterns.
Labour Party

The modern Labour Party extra-parliamentary organisation typically has an annual operational budget of about $2.5 million, and in the last general election spent a further $2 million on the campaign. It is now the most well-resourced party in New Zealand. It was not always like this. The size of Labour’s national office has traditionally been small in comparison to National’s. At the party’s establishment in 1916 the first party secretary was only provided with ‘a lead pencil and a postage stamp’ and it was not until 1922 that a proper national office was actually established (Milne, 1966: p.186). Funding became much more lucrative once the party took power in 1935, and after one term in government Labour’s wealth increased by 900 percent (Gustafson, 1989: p.200). Yet for the following decades the party’s finances remained relatively meagre. Mitchell estimated the income of the party in 1960 to be £16-17,000 (Mitchell, 1962b: p.78). Party staffing remained small during the 1950s and 1960s. The Labour Party national office consisted, according to Milne, of ‘the Secretary, an Assistant Secretary, and one organizer’ as well as an unspecified number of typists (Milne, 1966: p.186). Out in the electorates, the party also employed a number of organisers, varying between one and four in total (Milne, 1966: p.189).

34 In 1976 the president of Labour claimed that the party had never had ‘the financial resources of National which now seemed necessary for the market research and systematic publicity modern politics demanded’ (quoted in Cleveland, 1977: p.137). See also: Mitchell (1962b: pp.78-79).

35 In her study of the party organisation in the 1950s, Louise Overacker, found that the organisation had an income of £23,000 in 1950-1 and £36,000 for 1951-2 (Overacker, 1957: p.718). Milne suggests that Overacker might have included some “double counting” in her figures (Milne, 1966: p.191). He estimated the party’s income in this period to be no ‘more than £15,000 or £20,000 a year’ (Milne, 1966: p.191). Milne commented on the party’s lack of income: ‘A symptom of the party’s difficulties is a shortage of money, which makes it impossible to pay enough to attract good staff for long (as shown by the rush of organizers to become M.P.s), or to employ sufficient numbers of staff’ (Milne, 1966: p.190).

36 According to Vowles, ‘Labour’s staffing was minimal, and not well organised. In 1960, Labour Head Office staff were only six, with one organiser based in Auckland. Before 1957, Labour had employed up to five organisers but, in government until 1960, had not replaced them’ (Vowles, 2002b: p.423).
Chapter Seven: Party Finance and Professionalisation

Elections were always a major expense, but not as extravagant as today. In 1957 and 1960 Labour was able to spend about £28,000 and £25,000 respectively (Mitchell, 1962b: p.79). According to Bob Harvey, who has been centrally involved in many of Labour's election campaigns, the 1969 election campaign cost just $70,000 (Harvey, 1992a: p.108). Political competition soon became more sophisticated, requiring greater expenditure, and in the 1975 election campaign the Labour Party head office spent an estimated $140,000 (Cleveland, 1977: p.136).

Labour's membership in its first five-six decades provided a substantial portion of the party's revenue - not only through membership fees and donations, but also by means of organising fund-raising activities. As David North pointed out in 1954, 'The Labour Party, much more than the National Party, must use a series of fund-raising devices other than the direct request for money. Carnivals, dances, raffles and even the sale of baked goods' were used to fund the party (North, 1954: p.69). The head office's operations were mostly funded, however, by the unions affiliated to the party. The size of donations from individual trade unions was often considerable. According to Leslie Lipson, union contributions in the 1940s were 'the largest, the most regular, and the most dependable item in the party revenues' (Lipson, 1948: p.248). During the late 1950s the union affiliate fees raised an average of £13,500 a year for the party (Mitchell, 1962b: p.78). Even as late as 1972, R M S Hamilton reported that the party was

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38 The affiliated trade union members have always paid a smaller fee than ordinary branch members of the party. In the early 1960s the branch membership fee was 5s, while the affiliated membership fee was only about a quarter of that, at 1s. 6d. (Mitchell, 1962a: p.17). In 1986 the RCES reported that while the ordinary membership of the party paid a membership fee of $10, the affiliation fees were 'paid to head office at a rate of 70 cents for every member who voted in favour' of affiliation. In 2003, the membership fee for ordinary members was $11, while for the affiliated unions the fee was $1.
'dependent for resources on the affiliated trade unions, which provide most of its annual budget' (Hamilton, 1972: p.205).39

When in the 1970s the Labour Party’s extra-parliamentary organisation became something of an empty shell devoid of a mass membership, this had very negative effects for its finances. In the early-1970s the party organisation was operating on a budget of only $30,000-$40,000 (ibid). The party had essentially been transformed into an elite-cadre party, and without an effective extra-parliamentary organisation its finances continued to be poor and its operations remained backward.40 Countering this financial decline was an increase in business funding. During the 1950s, the Labour Party moved away from a class-oriented programme of social change,41 and consequently its relationship with business (and especially manufacturing) also improved, leading to more generous donations from the corporate sector. Mitchell has outlined how wealthy individuals and firms began to displace trade unions as the major donors during this period:

Manufacturers had never supported Labour as liberally as they did in the 1960 election; some contributions were as large as those of trade unions, and collectively they may have totalled as much as a third of the £19,700 donated to the campaign fund (Mitchell, 1962b: p.79).

In the late-1970s (following the Third Labour Government’s defeat) there was an impetus within the party to rebuild and professionalise the extra-parliamentary wing – which involved introducing modern technology, making administrative processes more efficient, obtaining new and better offices, and hiring more staff.

39 Anecdotal evidence suggests that trade union donations dropped off in the 1970s. For example, the Wellington Central Labour candidate at the 1978 election reported that while his campaign fund had received 'some $1500 in donations from individuals', 'Trade unions gave nothing' (Shand, 1978: p.177).
40 According to Michael Bassett, an MP in the 1972-75 Labour Government, the parliamentary party shortsightedly ran the party organisation down while they were in government, which meant that after the 1975 defeat, the caucus ‘turned to the party machine to find nothing much there’ (Bassett, 1976: pp.302, 303).
41 See: Chapter Two.
This occurred, first under party president Arthur Faulkner (1976-78), and then under the presidency of Jim Anderton (1979-84):

To many within the Party it seemed solving the long-standing problem of meagre financial resources was imperative if Labour was going to be restructured into a modern political party. The Party needed to get away from the 'twenty-cent raffle' syndrome and develop a more systematic and viable method of collecting money. This was essential if Labour were to be able to employ additional staff and expertise in order to improve the organisation at both national and local levels (Strachan, 1985: p.162).

Anderton, in particular, took an ambitious and determined approach, focusing on both rebuilding the party as a mass membership organisation and professionalising it. This helped Labour again become a mass membership party, and with this the party re-established itself with 'a more viable financial infrastructure' which in turn allowed it to professionalise even further (Strachan, 1985: pp.169-170). For example, in 1976 the party appointed J B Munro as a full-time fundraiser for 18 months, with the objective of raising $1.5 million for the 1978 general election. One of the initiatives of Munro was the implementation of an idea copied off Social Credit – a ‘Supporters Fund’, which was an experiment in direct-giving (ibid: p.5). Then, in 1981, a new Director of Fundraising, Mike Williams, was employed on a full-time basis and a new system of automatic bank transfer payments, known as the ‘Victory for Labour’ (VFL) programme, was instituted and proved highly successful (ibid: p.167). At its height the VFL had 7000 members making monthly contributions (Gustafson, 1989: p.210).

In the late 1970s and early 1980s the party organisation cultivated closer ties with business as part of its professionalisation under Anderton. Williams, as the party’s chief fundraiser, set up the first 'scheme to arrange meetings between

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44 In 1987 the party raised $158,000 through the VFL fund, as well as $410,000 from its ‘Vote and Victory’ levies. In this election year, an appeal also involved members and other supporters giving money and undertaking further fund-raising activities which raised $142,000 (Munro, 1988c: p.1).
potential big business donors and senior party figures’ (Murphy, 1990b). Williams told the media that ‘donors would be put in touch with ministers and then “touched” for donations’ (ibid). By the time Anderton left the presidency in 1984 the party’s financial position had improved substantially. The solid financial structures were now in place, and financial pledging by members ensured the party had an annual income of about $1 million. Out of this, a building programme was launched, which involved the construction of Fraser House in Willis St, Wellington, to house the party’s head office. Part of this spending involved employing 17 full-time staff – 12 working in the head office and five organising in the provincial centres (Ovenden, 1986: p.30).

The 1984 general election cost the head office ‘between $600,000 and $700,000’ (RCES, 1986: p.213). Then, in 1987, Labour’s expenditure rose dramatically to between three and four million dollars. This was over four times what the party spent in 1984, and appears to be the highest recorded campaign expenditure in New Zealand history. During this period the business community began funding the Labour Party on a highly significant basis. At the 1984 election much of the business sector was disillusioned with Muldoonism and many transferred their

45 According to Williams, ‘I do not think there is anything wrong with touching a company which has seen a minister. Most of them do not even end up giving anything’ (quoted in Murphy, 1990b). Williams also says that his practice is to ask business donors about any problems they have, and then report ‘general concerns of the business community to Labour’s caucus’ (Vaughan, 2003: p.6)

46 See: Gustafson (1989: p.210), who maintains that by the early 1980s Labour had ‘a firmer financial foundation than at any time in its history’. Others disagree, saying that Anderton actually achieved the opposite by overspending, which led Labour to near-bankruptcy. Strachan, for example, maintains that ‘Despite considerable progress in the organisational sphere during the 1979-81 period, financial problems continued to be the “Achilles” heel of Labour Party organisation. Although several attempts had been made since 1976, neither the Faulkner nor Anderton administration had been able to create a viable financial infrastructure’ (Strachan, 1982: p.8). Likewise, according to James, in the 1981 general election the party was financially stretched and ended up with a $500,000 debt after the election (James, 1987a: p.40). Strachan wrote in 1982 that financial difficulties continued to limit the party organisation’s functioning (Strachan, 1982: pp.155-156).

47 According to the Royal Commission, at the electorate level, Labour candidates spent a further $300,000 (RCES, 1986: p.213). The 1984 expenditure was lower than might have been expected because an early election had been called.
loyalty from National to Labour.\textsuperscript{49} Then at the 1987 election, business interests contributed over $3 million to the campaign, greatly overshadowing the much lesser contributions of unions (about $300,000) and party members (about $150,000) (Frontline, 1989).\textsuperscript{49}

Shortly after the 1987 election business funding dropped off as the share market crashed, the Fourth Labour Government started to fall apart, and Labour's reforming agenda slowed down. Labour Party financial records show that in 1988 the party received only $152,200 from business (Munro, 1989d). This decline was also reflected in a 1988 Labour Party Council report, which stated that the party was suffering from 'the increasing reluctance of the business sector to support the party' (quoted in Munro, 1988c: p.1). Business funding did not recover until the 1993 election. Between the late-1980s and mid-1990s the party organisation was therefore in a particularly precarious financial position. While the costs of running a political party were quickly increasing, the drastic decline in party membership numbers that occurred while the party was in office produced a drop in income through membership fees and fund-raising activity. Consequently, as early as 1986, the extra-parliamentary party admitted being $260,000 in debt (NZ Herald, 1988b). Although businesses were donating more, most of these corporate donations were specifically given to the Labour caucus' election campaign fund and not the party organisation.\textsuperscript{50} Then the party finished 1987 in financial crisis, with an election campaign deficit of $500,000 (Munro, 1988a). By then, Labour had an operating deficit of $135,362 and a debt of $815,692 (Munro, 1988c: p.1). The party organisation was forced to sell two floors of its Wellington Fraser House headquarters as well as property in

\textsuperscript{48}See: James (1990a: p.66).

\textsuperscript{49} Evidence of substantial corporate funding is provided by ex-businessman Allan Hawkins, who donated $250,000. He stated that this 'was probably a fairly common sort of level at that time..... I knew of others that were talking about amounts like that' (Frontline, 1989). See also: Palmer (1992: p.138).

\textsuperscript{50} Roger Douglas and other cabinet ministers admitted receiving donations, and this was later confirmed by party president Ruth Dyson. Allan Hawkins, for example, said he gave his Equiticorp donation of $250,000 directly to Douglas (Frontline, 1989).
Auckland. The financial decline continued, and in the 1988 financial year the operating loss climbed to $160,000, and in 1989 the party was $890,000 in debt (Armstrong, 1990b; McCulloch, 1989b).

From 1988 the party started to make fundamental changes to its financial arrangements. First, the head office asked its branches ‘to raise thousands of dollars, on top of levies they already pay, in a bid to wipe out the party’s large debt’ (NZ Herald, 1988b). Cuts were then made in ‘grants, salaries, expenses, the postage and stationary bill, publicity and advertising’ (Dominion, 1989). As a result of these changes, in 1989 the party was able to reduce its debt to under $400,000 and make an operating profit of $20,000 (Armstrong, 1990b).51

The party’s partial financial recovery was only weak, however, and Labour went into the 1990 general election with a serious lack of resources and organisation. As the then Labour leader Mike Moore later recalled, ‘People would burst into tears at meetings..... There was no money; nothing was organised’ (quoted in Sheppard, 1999: pp.236-237). Business had switched its support back to National, and Moore was reported as saying that the party’s campaign fund ‘was a tenth of its 1987 level, principally because of the loss of large corporate sponsors’ (Edwards, 1990). In fact Labour’s election expenditure was about $1 million (Gustafson, 1993: p.281). It was also reported that head office staff numbers were now ‘only two-thirds of the pre-1987 size’ (James, 1990a: p.66). Labour had been badly affected by the departure of the left and right of the party, as those leaving had robbed the party of a great deal of ‘the professional campaign, fund-raising and networking skill’ it previously possessed (Sheppard, 1999: p.239).

51 In January 1989 the party sold ‘the third floor of its Fraser House headquarters... for a sum understood to be close to $1 million’ (Dominion, 1989a). The proceeds of this sale put the party back into the black temporarily and by 1990 it had produced a surplus of $451,334 (Kilroy, 1992: p.1).
In the early 1990s, business financial support remained low, with business donations dropping from $172,100 in 1989 to $140,500 in 1990 and $72,700 in 1991 (NZ Herald, 1991c: p.3; McLoughlin, 1992b: pp.57-58). The size of membership donations also declined in the 1990s – in 1992 it was reported that donations ‘from members and supporters were down by three-quarters from their 1991 level’ – from $39,190 to $10,005 (Collins, 1992). Income from branch levies also fell from $439,264 to $320,458 (McLoughlin, 1992b: pp.57-58). By 1991 the party’s overall financial situation declined again, and the shortfall in income for that year was $235,504, leaving its overdraft at $1,119,767 (Kilroy, 1992).

In 1990 and 1991 the party was still spending nearly a million dollars a year but by 1993 this had grown to $1.61 million (McLoughlin, 1992b: pp.57-58; Edwards, 1994). However, the party was back in the black again for a year – earning $1.66 million, which left a surplus of $49,000 compared to a deficit of $36,247 in 1992 (ibid).\footnote{According to Brent Edwards, ‘In 1992 the balance sheet – current assets minus liabilities – recorded a $135,165 deficit. At the end of 1993, an election year, the deficit had been turned into a $27,068 surplus’ (Edwards, 1994).} The budget deficits had been reversed by a resumption of cost cutting, which according to Labour’s general manager, included cuts in staff costs:

> there was a huge cut to paid staff in the early 1990s. I think we dropped the staff by about two-thirds, but even then we were not living within our means. So it required some lifting of our income in recent years and some re-financing to make sure that income meets expenditure (Allen, 1999).

The income lift was achieved through business donations, which in the 1993 election year climbed back up near the one million dollar mark ($964,000) (MacLennan, 1996: p.C4). In 1996 the party organisation, under the leadership of Michael Hirschfeld, raised $911,000 from the business community (Small, 2000b). In the 1996 election Labour spent $1,279,880 (including $436,400 of state funding for broadcast advertising). The following year, $413,000 was donated by business (ibid).
According to Allen, the party organisation has run surpluses since 1995, and by 1999 the party had 'no financial difficulty in an on-going sense at all' (Allen, 1999). In 1999, Labour's income was $2.5 million, and the party's surplus was $182,000 (ibid). In the election of that year, the party spent $1,644,183 (including $605,677 of state funding for broadcast advertising). In the late 1990s the party organisation continued to employ a person under the title of 'Corporate Fund-Raising and Sponsorship Management'. Also, Bob Harvey became party president in 1999, largely due to his fundraising skills, and he reportedly expected to raise about $700,000 from the corporates in 1999 but ended up attracting $1,240,000 (Speden, 1999d: p.16; Small, 2000b). Harvey also came to complain about being regarded merely as an ATM for the Labour MPs. His replacement, Mike Williams, has played an even stronger corporate fundraising role. Whereas the president normally visited about 60 or 70 businesses, Williams visited nearly 400 in 2001 and then over 500 in the election year, with about 10 to 20 percent of them promising a donation. According to Williams, typical corporate donations averaged between $4000 and $6000 (O'Sullivan and Small, 2002a).

After being elected to government in 1999 and building up a budget surplus, the year 2000 was a very poor financial year for the party, mostly because its corporate donors went on strike after the Labour-Alliance Government initially pursued a number of 'leftist' policies. It was revealed that while the party had set a fundraising target of $350,000 for the 2000 year, it had only achieved a mere $50,000 (O'Sullivan, 2000). But in 2001 the party recovered, and the corporate fundraising target was exceeded four months early (Watkins, 2001; Guyon Espiner, 2001b: p.6). In the 2002 general election Labour spent $2,089,187 (including $614,722 of taxpayer television funding), which meant that it was the biggest election spender. This was the first time that Labour had been the biggest spender since 1987 – when the party had last sought a second term in

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53 This low figure is consistent with that provided to the Electoral Commission in 2000 which declared that the Labour Party only received $35,000 in head office donations, including $15,000 from Westpac Trust and an anonymous donation of $20,000.
government, again largely with the support of business. The Labour Party has in more recent years possibly been the most well-funded party. In the seven-year period (1 April 1996 – 31 December 2002) since it became mandatory to disclose national donations over $10,000, the Labour Party has declared donations totalling $2,568,421.\(^{54}\) By comparison, in the same period, Act declared $1,284,339, and National $2,114,859.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987*</td>
<td>$3,700,000</td>
<td>Kelsey (1995: p.36).(^{55})</td>
</tr>
<tr>
<td>1989</td>
<td>$172,100</td>
<td>\textit{NZ Herald} (1991c: p.3).</td>
</tr>
<tr>
<td>1996*</td>
<td>$911,000</td>
<td>Small (2000a).</td>
</tr>
<tr>
<td>1997</td>
<td>$413,000</td>
<td>Small (2000a).</td>
</tr>
<tr>
<td>1999*</td>
<td>$1,240,000</td>
<td>Small (2000a).</td>
</tr>
<tr>
<td>2000</td>
<td>$50,000</td>
<td>Small (2000a).</td>
</tr>
</tbody>
</table>

Note: Election years are marked with an asterisk.

The affiliation fees from the trade union movement have become increasingly insignificant compared to the money donated from business. In the mid-1980s the Labour Party received about $190,000 a year from its affiliated union membership, but by 2000 its funding was only a fraction of this amount. As early as 1990 the trade union contribution had dropped to $141,172, then to $125,712 in 1991, and then down significantly to $51,025 in 1993 (Edwards, 1994).\(^{56}\) Even the Engineers Union – the largest union affiliated to Labour – now only contributes $20,000 per year, except in election years when it contributes about $80,000. When the general secretary of the Labour Party, Rob Allen, was asked...

\(^{54}\) See: appendices P-V.

\(^{55}\) Alternatively, according to Palmer, business contributed $3,000,000 (Palmer, 1992: p.138). According to Munro, business gave $352,590 directly to the party organisation (Munro, 1988c: p.1).

\(^{56}\) In 2003 the affiliations fees from unions probably contribute a similar amount to that in 1993.
in 1999, about the degree of dependence the party has on union funding, he replied that the party was 'Virtually not dependent at all. The income from unions is a very tiny, tiny proportion of funds – almost insignificant' (Allen, 1999).

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>£16-17,000</td>
<td>Mitchell (1962b: p.78).</td>
</tr>
<tr>
<td>1960s</td>
<td>£15,000-£20,000</td>
<td>Milne (1966: p.191).</td>
</tr>
<tr>
<td>1984</td>
<td>$1,200,000</td>
<td>RCES (1986: p.213).</td>
</tr>
<tr>
<td>1993</td>
<td>$1,670,000</td>
<td>Edwards (1994).</td>
</tr>
<tr>
<td>1999</td>
<td>$2,500,000</td>
<td>Small (2000a).</td>
</tr>
</tbody>
</table>

National Party

The National Party has traditionally been a capital resource-rich party, and this has in part given it a considerable electoral advantage over the Labour Party, helping maintain it as the natural party of government in the postwar period. Unfortunately, details of National Party finances are very difficult to obtain. Certainly the party has had a fair amount of wealth – as evidenced by its possession of property throughout the country and its employment of a large number of organisers. Yet in recent years National's financial advantage has eroded, especially because it appears to have lost its monopoly on business funding. Consequently, in the 2002 election, the party was easily outspent by Labour.
From its earliest days the National Party was relatively wealthy and professional. In its first general election, in 1938, the party had a budget of £55,000 (Gustafson, 1986: p.200).\(^5\) Of this, £15,000 was spent on hiring three advertising agencies to handle publicity. In every election since, the party has hired agencies and other professionals at election time. Between 1938 and 1972 the advertising account remained with the same agency – Charles Haines (Gustafson, 1986: p.196). In their 1975 general election campaign the National Party spent about $350,000 – substantially more than the Labour Party’s approximate expenditure of $140,000 (Cleveland, 1977: p.136). Similarly, the budget for the 1978 National Party election campaign was reputed to be about $400,000 (Wood, 1980: p.123). In the 1984 election campaign the party headquarters spent a total of about $600,000.\(^5\)\(^9\) For the same year, the party told the RCES that it ‘raised slightly over $2 million at electorate level (RCES, 1986: p.214).

The party’s relatively substantial wealth has meant that it has traditionally been able to maintain a large national headquarters, and in the past most electorates also employed paid staff and each of the party’s five divisions had offices (Hamilton, 1972: p.205).\(^6\) According to North, writing in 1954, each electorate normally had a full-time organiser and a part-time secretary (North, 1954: p.48). He estimated that there were about ‘100 paid National Party workers, most of

\(^5\) James has calculated that, ‘Money and organisation gave National a permanent edge over Labour and in elections amounting probably to between 1 and 2 per cent of the vote through four decades till the end of the 1970s’ (James, 1987a: p.25).

\(^6\) According to Gustafson, ‘The budget for the 1938 election year was 55,000 pounds of which 21,578 pounds was for publicity, 15,896 for [the party newspaper] National News, 5,110 pounds for the travelling expenses of MPs on speaking tours, and 6,416 pounds for salaries, rent, office expenses and meetings of the Dominion Council and annual conference’ (Gustafson, 1986: pp.200-201).

\(^9\) During this period, the RCES found that, like their income levels, ‘National Party expenditure levels... have closely paralleled those of the Labour Party in recent years’ (RCES, 1986: p.214).

\(6\) Mitchell has outlined the staffing advantage the party has had over the others: ‘Centrally National has a full-time general director, a publicity director, a research director and the necessary office staffs, a marked contrast with Labour’s central staff of four, including the national secretary and the research officer, and Social Credit’s of one, the national secretary’ (Mitchell, 1962b: p.81).
them full time employees' (North, 1954: p.48). National Party historian Barry Gustafson confirms this, detailing that at this time,

There were 10 staff in the Dominion office, 4 office staff and 9 organisers in the Auckland Division, 2 and 13 in South Auckland, 6 and 24 in Wellington, 7 and 12 in Canterbury-Westland, and 5 and 7 in Otago-Southland. In addition, some 50 electorates had a professional part-time secretary, usually a local accountant paid an honorarium, and many had part-time canvassers paid on a one-third commission of money collected (Gustafson, 1986: p.206).

Similarly, according to Vowles, in '1960, National had seventeen headquarters staff, with about forty-seven organizers employed throughout the country. The party's five regional divisions also employed somewhat over twenty administrative and clerical staff' (Vowles, 2002b: p.423). By the mid-1960s, according to Milne, the number of staff at the headquarters was only 14 (Milne, 1966: p.180). Certainly during the 1960s National staff numbers declined substantially as the party found it uneconomic to employ a large number of staff. For instance the party in Ashburton found that 'it was costing $1.57 to collect every dollar in membership subscriptions' (Gustafson, 1986: p.210). It seems that as membership fell away the cost of collecting the subscriptions was proving greater than the amount the organisers and paid canvassers received. Thus with the decline of membership, the whole financial nature of the party changed.

Certainly in the 1950s and 1960s, when party membership was nearly 250,000, membership fees must have provided a considerable capital resource base for the party. In the 1950s North reasoned that the party's 200,000 members paid half a crown each per year in dues, and therefore generated £25,000 (North, 1954: p.63). Similarly, in 1962 Mitchell put the party's income from subscriptions at 'nearly £30,000 a year' (Mitchell, 1962b: p.78). Simon Upton (a National MP

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61 Mitchell wrote in 1962, that the National Party's 'divisions have their own paid organizers, Wellington having sixteen, Otago-Southland seven, and the divisions of intermediate size, an intermediate number (Mitchell, 1962b: p.81).

62 Likewise, according to National's Simon Upton, 'membership generated significant income - corporate donations were a small percentage of the funds raised to promote the party' (Upton, 1992b: p.8).
1981-2000) has also guessed that in the 1970s and 1980s National received something like $750,000 in membership dues – using the calculation that 150,000 members paid $5 each (Upton, 1992b: p.8). As with the Labour Party, National continues to claim that it derives much of its money from membership fundraising activity. In 1986, the National Party told the RCES that the party relied for its income ‘primarily on subscriptions and donations’ (RCES, 1986: p.214). In 2003 subscriptions provide only an insubstantial portion of party funds. It seems likely that the party’s membership fees alone would not bring in much more than $200,000 (assuming 20,000 members paid $10 each).63

The National Party divisions and electorates also raise a significant proportion of the party’s income. As well as collecting membership subscriptions, branch members are expected to raise a particular cash target to help their electorate and divisional organisations pay their levies owed to the party headquarters. However, National’s truly substantial funding has traditionally come from the contributions of farming and business interests.64 Despite the large membership of the National Party, North argued in the 1950s that ‘the membership dues account for only a small portion of the party funds.... Most of the money, however, is raised in larger amounts, from business firms, trade associations, and prosperous individuals’ (North, 1954: p.63). Certainly as membership declined after the 1960s, the volume of business donations rose in importance, and came to play an even more substantial part of National’s income.65

More recently, however, the natural alignment of the party with business has eroded and in the last two decades National’s finances have not been so secure. In 1984 the party’s headquarters was deemed by some to have been ‘lamentably unsuccessful at fundraising’ (Walker, 1989: p.210). Part of National’s financial

63 Although the party does not have a set membership fee, most party divisions charge $5, but also welcome donations. The rules have now been changed, and from 2004 membership will cost $10.
64 See: Hamilton (1972: p.205).
65 The earlier incarnation of the National Party – the Reform Party – was also overwhelmingly funded by large donations (Milne, 1966: p.123).
problems at the 1984 general election was due to the fact that the party organisation was unprepared for the early snap-election, but the problems were mostly due to the unpopularity of the party amongst business. At the 1987 election, too, National was again unsuccessful in its fundraising, and as a result ‘the party was unable to afford to do more than very limited polling during the election campaign’ (Vowles, 2002b: p.420).\textsuperscript{66} In the 1987 election the National Party was, according to Denemark, ‘strapped for resources. The total budget was estimated at between NZ$1 and 1.5 million’ (Denemark, 1992: p.168). Following the election, the party was forced to sell some of its assets to pay its campaign costs (James, 1990: pp.90-91).

Little is known about what donations the National Party received prior to the introduction of compulsory disclosure of large donations in 1996, but in terms of income, the party informed the RCES that in 1984 its national office received about $220,000 in donations. Income in the party’s divisions was estimated to yield another $320,000. However the party informed the Commission that in the 1984 election year they also raised $2 million at the electorate level (RCES, 1986: p.214). Then in 1988 – a non-election year – the party said that it expected to raise $2 million from a fundraising campaign aimed at business houses (Riddell, 10 Dec 1988). No doubt, the party has always received a sizeable income from farming interests, but as Milne wrote in 1966, ‘little detailed information is available about contributions from farmers to party funds’ (Milne, 1966: p.115), and this remains the same today.

The extra-parliamentary organisation puts a lot of resources and effort into corporate fundraising. Former party president Geoff Thompson has ‘said his prime role as party president was to get out and raise funds’ (O’Sullivan, 16 May 2002). Likewise, Michelle Boag was elected as party president in 2001 largely

\textsuperscript{66} This lack of market research was confirmed by National’s Max Bradford, who said ‘We couldn’t afford much that year.... We lost in 1987 because we didn’t know where to target effectively’ (quoted on Frontline, 1989).
because of her reputation as a PR and fundraising specialist. The party has also traditionally hired corporate fundraisers, generally paid on commission. For the 2002 general election, ex-Finance Minister Bill Birch organised 'a 16-20 strong corporate fundraising team' which included businessmen such as Selwyn Cushing (O'Sullivan and Small, 2002b).

The National Party experienced funding problems in the mid-1980s, again in the early-1990s, and then in 2002, especially with regard to those donations normally received from big business. In the mid-1980s, especially, many business interests redirected their donations to the Labour Party, viewing a Labour government as being more able to represent their interests. Finances improved towards the end of the 1980s, as business interests came back on side with National. Therefore the party's 1990 general election campaign was relatively well-funded (although the level of expenditure is unknown). Three years later, National allegedly spent over $3 million in the 1993 general election (Laws, 1998a: p.346).67

In the following year National was reported as having significant financial difficulties as membership fell sharply due to the government's unpopular reform programme and its series of broken promises. According to Kelsey, business donations, too, were low, and 'One National Party strategist complained that business had applauded Ruth Richardson's budgets but their chequebooks had remained closed' (Kelsey, 1993: pp.154-155). Again in 1996, a decline in business donations was reported by the then National Party president, Geoff Thompson, which he attributed to the new regulations governing disclosure of

67 Prior to the 1993 general election, Murray McCully confirmed that the National Party intended to spend a considerable sum, saying he expected the party to spend as much as was allowable under electoral laws: 'We've not been told we want an el cheapo election campaign' (quoted in Harris and Brett Kelly, 1993: p.1993). One report showed that National were believed to be planning advertising expenditure of about $2.4 million (Mandow, 1993: p.3). The party also spent $450,000 in state funding for broadcast advertising (BSA, 1993: p.3).
donations to political parties (MacLennan, 1996: p.C4).\textsuperscript{68} In the general election of that year, National spent $1,966,444 (including state funding for broadcast advertising of $540,377).

During the late-1990s the National Party was financially comfortable, and in 1999 the election spending of the party increased by 40 percent to $2,737,353 (including $597,364 of state funding for broadcast advertising).\textsuperscript{69} Compared to the Labour Party, this amounted to a spending disparity of nearly two to one. Yet according to a leaked National Party review of its election campaign ‘only 87 percent of the party’s fighting fund’ had been raised for the 1999 election (Watkins and Rendle, 2002).\textsuperscript{70} The heavy campaign spending therefore forced the party to go $300,000 into debt (Young and O’Sullivan, 2002). After 1999 the party’s finances became increasingly unhealthy. Despite great expectations, Michelle Boag only raised $1.2 million during her presidency (Young 2002c).\textsuperscript{71} In the 2002 general election, National only spent $1,667,118 (including $614,722 of state funding for broadcast advertising), which was 39 percent less than in 1999. This expenditure was the party’s lowest since the 1984 election, illustrating the party’s financial decline.

Traditionally the National Party’s significant wealth has meant that it has normally been the highest spending party in general elections. In the four general elections prior to 2002, National has spent more than Labour, but it appears that this could be changing. The donation disclosure regime which started in April 1996 also suggests National is no longer the wealthiest party, as the party’s

\textsuperscript{68} Yet according to one media report, the party raised about $3 million in 1996 (O’Sullivan and Small, 2002b). This included a total of $350,000 in donations from merchant banker David Richwhite.

\textsuperscript{69} However, National’s election expenditure declared to the Electoral Commission for the 1999 election may have been over-inflated, as the party appear to have included spending on matters (for example travel and polls) which was not necessary to declare and which other parties did not declare.

\textsuperscript{70} Two months prior to the 1999 general election, a leaked National Party document reported that, ‘funding for National’s campaign is not yet in place’, and that ‘Fund raising is not easy in the present climate and we have to take every opportunity’ (quoted in Molesworth, 1999e: p.21).

\textsuperscript{71} See also: Maling and Alley (2002).
national office has disclosed $2,114,859 in donations compared to Labour’s $2,568,421.\textsuperscript{72} The decline is also seen in the decline of staff numbers employed by the extra-parliamentary party organisation. While in 1960 the headquarters had 17 staff, by 1999 the then party president, John Slater, was claiming only seven (Slater, 1999).\textsuperscript{73} Likewise, although in the 1950s National had a full-time organiser and part-time secretary in every electorate, by 1999, according to Slater, ‘there might be the odd electorate that for a short, sharp period of time bring in someone to go around and do some fundraising on a share of the funds basis’ but otherwise the party no longer employed organisers (Slater, 1999).

\textbf{New Zealand First}

Like most small parties, New Zealand First’s extra-parliamentary organisation continually experiences financial problems and operates on a very low budget. As an example of this, since the disclosure of donations over $10,000 has been mandatory, the national office of New Zealand First has disclosed a total of only $40,000 received in this way. The high secrecy of the party means that there is little information available about their capital resources.\textsuperscript{74} However, because New Zealand First operates on a low budget but remains popular, it often achieves the best value for its election expenditure.

Michael Laws explains in his book \textit{The Demon Profession}, that when he joined New Zealand First in 1996, ‘the party had no money’ and he believed at the time

\textsuperscript{72} See: appendices P-V. See also: Vaughan (2003), who refers to National Party sources who suggest that the party is ‘cash-strapped’ due to low business donations, which is largely because of the departure of Michelle Boag from the presidency, the unpopular leadership of Bill English, and the low possibility of National entering government in the short-term.

\textsuperscript{73} According to Slater, the paid staff included, ‘The chief executive of the party; someone who does all the accounting and financial areas. We’ve got a couple of secretaries, we’ve got IT people, and we’ve got some strategic people, and at the moment our campaign director is here’ (Slater, 1999).

\textsuperscript{74} Even Tuku Morgan complained that while he was a New Zealand First MP he was never told what his financial contributions were used for. He said that because ‘there have been no audited accounts, there’s no evidence of how that money was being spent or used’ (quoted in NZPA, 1998).
its 'ability to raise money... would be New Zealand First's largest hurdle' in the election (Laws, 1998a: p.346). The lack of funds meant that the party was 'unable to afford any polling or attitudinal research prior to the campaign; no commissioned overview, no focus groups, no random telephone polling – nothing' (ibid: p.363). It also meant that the party had trouble paying for its campaigning activities – for example, Laws discloses that during the election campaign 'New Zealand First's second promotional pamphlet remained locked in a printer's warehouse because the party had run out of money for its distribution' (Laws, 1998a: p.368). The party also had a great deal of trouble paying for the party's "Spirit of New Zealand" campaign bus.\footnote{See: Laws (1998a: pp.348-349), who estimated the cost of the bus campaign at about $250,000.} However, in the end, New Zealand First spent $1,108,310 (including $250,055 of state funding for broadcast advertising) on the campaign. This relatively high expenditure meant New Zealand First finished the 1996 general election with a substantial debt, which by the end of 1997 was rumoured (but disputed by party president Doug Woolerton) to be as high as $400,000 (Young, 1998).\footnote{This lack of funds was probably part of the reason that Peters later attempted to sell the television rights of coverage for the 1996 coalition announcement to the Sky broadcaster (Laws, 1998a: p.385).} According to one group of ex-New Zealand First party members, the party's council sought to pay off the debt by requiring each electorate organisation to come up with $2000 per year (ibid).

As in other parties, New Zealand First requires its local electorate organisations and their candidate to raise the funds for local election activities and materials. In 1996 candidates were billed $1600 for party pamphlets delivered to their electorates (Speden, 1996c: p.2). Such costs can amount to many thousands. For example New Zealand First's candidate for Rimutaka in 1996, Peter McCardle, claimed to have spent $10,353 on his campaign for the seat (Edwards, 1997b: p.3). On top of these expenses, New Zealand First candidates, if successful, then have to pay a levy of five percent of their parliamentary income in order to pay off campaign debts (Speden, 1996c: p.2).
As an indication of the poor state of the party's finances, in 1999 it only spent $216,648 in the election (including $108,332 of state funding for broadcast advertising – 50 percent of the total). Of all the parties elected to Parliament in 1999, New Zealand First achieved the best value for its election spending, averaging a cost of $2.46 per vote – which compared very favourably, for example, to the Alliance's $5.88 per vote. Likewise, in the 2002 election campaign, the party ran another relatively efficient campaign, only spending $453,888 (including $152,844 of state funding for broadcast advertising) and again achieving good value for money ($2.15 per vote) but also suggesting the party has few financial backers.

New Zealand First's low financial resources reflect the party's lack of a substantial extra-parliamentary organisation. The small size of the party, together with its minimal $1 membership fees has meant that the membership is not a substantial source of income for the party. Furthermore, because the party has been ideologically antagonistic towards big business, it has always had trouble attracting corporate funding.\(^77\) The party obtains some financial support from small-to-medium businesses. In particular, seafood companies appear to have been sympathetic; in 1999 the Ilam electorate organisation received $1000 from United Fisheries, the Waimakariri electorate received $1000 from Seafood Incorporated, and the Te Tai Tonga electorate obtained $4000 from Napier-based Tamatea Fisheries.\(^78\)

\(^77\) Much of Peters' personal appeal was based on his crusades against big business. He had campaigned against the Business Roundtable, prominent businessman Selwyn Cushing, and a number of other businesses. As Michael Laws had argued, 'Peters had burned off possible corporate support with all his various parliamentary allegations' (Laws, 1998a: p.346). One exception to this is the support New Zealand First once received from Bob Jones; it is alleged that Jones had contributed $50,000 to the party in 1994 (Scherer, 1994b).

\(^78\) The party also receives some financial support from Maori organisations – for example in 1999 the Rotorua organisation of the party obtained a $10,000 donation from the Whakare Board chairman Tipene O'Regan donated $1200 to the Te Tai Tonga electorate in 1996. Also in that year, John Delamere received $8000 from Rotorua's Whakaea Trust (Edwards, 1997b: p.3).
Like the other small parties, New Zealand First makes good use of state funding to carry out their extra-parliamentary activities. In the 2000-01 financial year the party received $800,504 in 'party and members support' from the Parliamentary Service. One of the party's MPs, Doug Woolerton, also doubles as the party president, effectively using the party's parliamentary resources to run the party. Woolerton's remuneration is paid for by the state, as is his travel regardless of whether or not he is on party presidential or parliamentary business.

**Act New Zealand**

Act New Zealand is sometimes thought to be the most well-resourced party in New Zealand. According to Kelsey, writing in 1995, ‘Act was estimated to have resources equivalent to all the major parties combined with which to fight the 1996 election’ (Kelsey, 1995: p.313). Although this was probably untrue, the party certainly started life as a very capital resource-rich party. In one fundraising drive in late 1994 Act netted a million dollars (Brown, 1995: p.30), and in 1995 and 1996 Act secretly received millions of dollars of funds from a small number of wealthy supporters. Documents leaked to the Sunday Star-Times showed that the party set up elaborate trusts in order to circumvent the newly-introduced Electoral Act donation disclosure rules. Large amounts of money were deposited into such trusts, but it is unclear as to whether all this money was intended for, or paid to, the party. Act's 'Cargill Trust', set up by law firm Buddle Findlay, received a total of $6.8 million, of which Act definitely received $2.9 million in capital distributions in the period between April 1995 and the end of March 1996 – just prior to the disclosure laws coming into effect (Johns, 2001a: p.A1).

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79 As another example, according to Mike Williams of Labour, 'You've got parties like Act that basically represent fairly well-off people, and they have a financial advantage over parties like Labour that basically represent ordinary people' (quoted in Milne, 2002e). See also: Boston et al. (1997c: p.115).
In 1996 the then chief executive of Act, Glen Ashton, said that, ‘typical party donations came in $3000-$5000 lots, or, from members, at $100-$150 a contribution’ (Clifton, 1996a: p.3). The income of the party is derived therefore not from cake stalls or meat raffles, but mostly from a few wealthy individuals. The party started life with high expectations for its finances, and in 1995 the party president, Rodney Hide, stating that the party was seeking to raise $10 million over the following two years, claiming that ‘$50,000 a year for each of the 65 MMP electorates was not a lot of money’ (Orsman, 1995a). Later the party adopted the target of raising nearly $5 million a year by getting its 20,000 supporters to donate $20 a month to the party (Act, 1995). However even after six years of existence the party could still only claim a quarter of its membership goal, and it seems unlikely that many of them would donate $20 per month to the party. Act therefore continued to be dependent on the subsidies of corporate and large individual donations. According to O’Sullivan and Small, Act ‘courts wealthy backers such as former brewing magnate Douglas Myers, Alan Gibbs and Craig Heatley – all now living overseas – property specialist Michael Friedlander and Trevor Farmer’ (O’Sullivan and Small, 29 Jun 2002). As Act’s political orientation transformed in the late-1990s the party’s financial support-base has also shifted away from big business backing. According to Trotter, ‘Sources within the party report that by far the most loyal Act donors nowadays are farmers – not yuppies’ (Trotter 1998c).

The belief that Act still has a very large income is probably untrue; the health of its finances has undoubtedly declined and the party is not as flush in cash as is often assumed. According to a former chief executive of the party, ‘People have created this impression that we have a bottomless pit of money, but we don’t. We need to apply good housekeeping to our resources’ (quoted in Clifton, 1996a:

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Yet in the original organisational structure devised for Act in 1995, the 600 ‘sectors’ of the party were supposed to raise $5000 per year (through monthly pledges of members), amounting to an income of $3 million per year (Campbell, 1994b: p.15). It does not appear, however, that this projected figure ever eventuated.
In fact the party organisation has been through some difficult periods. In 1996 Act cut its operating budget significantly:

Although still funding extensive travel by its principal spokespeople, the party's chief executive is a volunteer rather than a salaried worker, and its head office operation has been wound back. Act leader Richard Prebble confirmed he had halved the party's head office budget, and was running local campaigns largely on donated equipment and volunteer work (Clifton, 1996a: p.3).

Again, in 2001 the national office operations were severely cut back due to funding difficulties. Four out of the five staff positions in its Newmarket office were axed including the party's chief executive. A cost-cutting review had recommended that Act abandon its corporate structure, use a simple administrator and rely more on party volunteers (Young, 2001c). At the 1996 general election Act spent $1,746,908 (including $93,739 of state funding for broadcast advertising), which was the second largest amount of any party. The decline of the party's finances, however, was reflected at the following 1999 election when the its expenditure slumped to $787,807 (including $129,918 in state funding). Then in the 2002 general election Act recovered to spend $1,792,461 (including $166,903 of state broadcasting money).

As well as being dependent on big donations, Act is also highly reliant on state funding. Following the 1996 general election Act made a virtue of the fact that it had carried out its election campaign without resort to the use of taxpayer funds.

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81 This is an idea also pushed by Roger Douglas: 'It is commonly reported that the party has a bottomless war chest full of money but I can assure you this has never been the case' (quoted in the NBR, 1996).

82 Act has not only spent large amounts of money on advertising during elections, but has also bought advertising in non-election years in order to raise its profile. For example, in 1995 'Act spent $300,000 on a burst of advertising for its policies' (Campbell, 1996b: p.7). Then in late 1997 and early 1998 the party 'expended tens of thousands of dollars on two high-profile political campaigns' (Trotter 15 April 1998). The 1997 publicity campaign alone cost $250,000 (Clifton, 1997e: p.29).

83 It was reported that party president Catherine Judd 'confirmed the party had doubled its number of donors this campaign' (Watkins and Rendle, 2002). This 2002 boost in donations was probably related to the weak position of the National Party which showed no likelihood of winning power, while Act was fighting for its political life, as it had lost its only electorate seat and opinion polls put the party below the five percent threshold.
According to newspaper reports, party leader Richard Prebble claimed that ‘other political parties used the taxpayer to finance their election campaigns, while Act relied solely on supporters’ donations’ (NZPA, 1997a). This statement overlooked the fact that the reason that Act did not largely use taxpayer resources in its campaign was simply because the party was not eligible for many as it had not already been in Parliament. Interestingly, in the following 1999 general election campaign, Act used all the available parliamentary subsidies which Prebble had criticised in 1997. His claim also disguised the fact that in 1996 the party had received $93,739 in state funding from the Electoral Commission in order to purchase television and radio advertising, as well as an allocation of 7.5 minutes of television primetime to get its message across to electors. In Parliament the Act party now has access to ample resources. Its ‘Party and Members Support’ budget for 2000/01 was $1,001,487. During the 1999-2002 parliamentary term the party employed 20 taxpayer-funded staff in Parliament, as well as about nine equivalent full-time staff in the electorate.

Act also makes money out of commercial ventures such as the publishing of books, of which there have been about twelve (including Richard Prebble’s *I've Been Thinking*, and *I've Been Writing*, Donna Awatere’s *Zero Tolerance*, and Rodney Hide’s *The Power to Destroy*). The proceeds from the first book netted the party $100,000 (Clifton, 1996a: p.3).

**Green Party**

The election campaigns of the Greens have added weight to the idea that a lack of capital resources is no insurmountable barrier to electoral success. In its first election, in 1990, the newly-formed party had virtually no money to spend at a national level, and candidates had little time to raise money for their local contests. Despite this, the Greens received 6.3 percent of the national vote, and averaged about 8.9 percent in the electorates in which they fielded candidates. For many years the party continued to operate on a very low income. For
instance, in 1992 when it was part of the Alliance it was revealed that the party had an annual budget of only $12,487 (James, 1992f: p.11). Since then, its finances have improved significantly. Even before it went solo the party contributed levies to the Alliance of $23,361 in 1997 and $15,628 in 1998, suggesting a larger budget.\(^8^4\)

Prior to the party's first post-Alliance general election campaign, however, the finances of the Greens were in a poor state, with Rod Donald saying that by the end of 1998 'there was little money in the bank' (Donald, 2000: p.50). In the end the Greens had a total income of only $300,000 in 1999 (Small, 2002a), and in the election campaign spent a mere $279,168 (including $43,250 of state funding for broadcast advertising). They obtained 5.2 percent of the party vote and therefore achieved a respectable cost per vote of $2.62, which compared very favourably to the Alliance's $5.88 per vote. The following year the party's income dropped to just $145,000 (Small, 2001b).\(^8^5\)

By 2002 the party was larger and financially better off. In that year's election campaign the party spent the fourth highest amount – $765,035 (including $166,930 of state funding for broadcast advertising). Green Co-convenor David Clendon declared, 'We have had donations from some quite large corporate donors' (quoted in Guyon Espiner, 2002a: p.C2). According to Clendon, the 'business community now acknowledge the Greens as a potentially influential force and some have responded by reaching for their chequebooks' (ibid).\(^8^6\)

\(^8^4\) See: appendices Q and R.

\(^8^5\) The Green Party MPs also own a superannuation scheme, called the Green Futures Superannuation Fund, which invests their MPs parliamentary retirement income. In 2001 the fund owned a house in Thorndon and two apartments on The Terrace, which it rented back to the MPs, who 'then claim the rent and approved outgoings back from Parliamentary Service under the Wellington accommodation allowance of up to $16,000 a year' (Young, 2001a).

\(^8^6\) According to Donald, the Green Party has received donations 'from Westpac, Telecom, Ericsson, Clear and Macquarie Bank' (Vaughan, 2003: p.7). He claims that in 2002 it also 'returned two cheques worth a combined $20,000 to would-be corporate donors. One was from a gambling company and the other from a mining company' (Vaughan, 2003: p.7).
Green fundraiser Danna Glendining stated her expectation of receiving $500,000 in business funding (O'Sullivan and Small, 2002b).

Meanwhile, because Green Party membership only costs $5, the party's 3000 members in 2002 would have only generated about $15,000 through fees. Nearly half of the party's regular income therefore came from the tithes and donations of its seven MPs – about $100,000 a year.\(^87\) Overshadowing such sources, the Greens have gained significant state resources from Parliament. Within the parliamentary complex the Green Party employs about 16 staff and outside Parliament they have about eight equivalent full-time staff paid for by the Parliamentary Service. In the 2000/01 year the party received $800,000 in Party and Members' funding.

**United Future**

In 2002 eight United Future MPs were elected after the party spent only $158,566 (including $75,000 of state funding for broadcast advertising) on its election campaign. The party is obviously not a highly resourced organisation. For the 2002 year, the party disclosed donations only amounting to $42,200.

Prior to the formation of United Future, one of its component parties, United New Zealand, spent $142,527 (including $93,406 of state funding for broadcast advertising – about 66 percent of its expenditure) on the 1996 campaign. Then in the 1999 general election, United New Zealand's expenditure declined to $96,372 (including $43,333 in state funding). According to United's parliamentary head of staff, Mark Stonyer, 'There was also a modest but pleasing level of support from the business community' (Stonyer, 2000: p.62). In that same year,

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\(^{87}\) For the 2002 year the Green Party disclosed to the Electoral Commission donations from MP Jeanette Fitzsimons of $29,980 and a little over $10,000 each from fellow MPs Rod Donald, Nandor Tanczos and Sue Kedgley. The Greens declared a total of $86,000 for 2002 (despite spending $777,300 at the 2002 election). Since the 2002 election, the Green Party has nine MPs.
the other component party, Future New Zealand, spent $96,884 (including $17,943 in state funding). There is no available evidence to suggest that any churches play an important financial role in this Christian party. Instead, United Future has been highly reliant on state resources derived from Parliament. In 1999, Stonyer said that fundraising was ‘probably harder for us than the major parties. We struggle for generating corporate donations’ (Stonyer, 1999).

Alliance and the Progressive Coalition Party

The Alliance is relatively poor in capital resources. While the party has been said to have an army of activists available to it, it has had few financial resources other than those that it derived from Parliament when it was there. As Rod Donald complained in 1997 when he analysed his party’s election campaign performance: ‘Our internal weaknesses contributed to our inability to counter and campaign. We had a very small staff at our Head Office in Auckland and in Parliament. We had limited money and next to no corporate money’ (Donald, 1997: p.45). Since declarations of donations have become mandatory, the Alliance national office has declared donations totalling $562,861, which has mainly been made up of contributions from their MPs and constituent parties.88

As with most of the new parties, the Alliance has been bereft of institutional sources of support. Together with its constituent parties, it has relied mostly on its own membership, activists, and MPs for finance. Especially in its early days, the party relied upon a volunteer approach to fundraising. Its methods were characterised by an amateurism which relied upon traditional methods such as raffles and collections but failed to realise substantial funds. In Parliament, however, state funding proved crucial to its operations. Thus, now out of

88 Most of the Alliance’s declared donations have come from either its constituent parties or the tithes of its MPs, although the party has received some large donations from both anonymous sources and wealthy individuals.
Parliament, the Alliance is again financially starved and will struggle to gather the capital resources to adequately fight another election campaign.

It is obvious that the Alliance does not collect much of its capital resources from the business sector. In fact, in 1994 Matt McCarten claimed that he had ‘never received a big business donation’ (McLoughlin, 1994c: p.71). Over the years such funding improved, although in 1996 it was reported that the party had received a total of only $7000 from businesses in the previous 12 months (MacLennan, 1996: p.C4). The Alliance has, however, had a number of sympathetic business donors. In particular, manufacturers are often politically predisposed towards the party because of its economically interventionist policy stance – especially its economic and regional development enthusiasm. Other businesses that have given financial support to the Alliance include Clear Communications, Westpac Trust, and Telecom.\(^89\) Some unions also donate. In 1999 $20,000 was received from the Engineering Printing and Manufacturing Union, on the basis that the Alliance’s policies ‘were in the best interests of their members’ (Guyon Espiner, 2001a: p.C1). Then in 2002 the union declined to donate anything, suggesting that the party was unlikely to get back into Parliament. Instead the union made a donation of $19,000 to the Progressive Coalition Party (in addition to its regular large donation to the Labour Party).\(^90\)

According to one media report, ‘About 90% of the Alliance’s income comes from its members’ (MacLennan, 1996: p.C4). Yet, as the party has had less than 10,000 members in recent years, membership fees and donations do not yield a

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\(^{89}\) In the case of Westpac Trust, the $10,000 donation made in 1998 to the party was probably made out of ‘fairness’ together with donations made to the Labour and National parties of $30,000 each. Clear Communications, in contrast, possibly support the Alliance because of the party’s hard-line stance against the monopoly market position of Telecom. But after being elected to government in 1999, the Alliance also received a $20,000 donation from Telecom that was probably an acknowledgement that the party was now in government and therefore capable of influencing the regulation of the telecommunications industry.

\(^{90}\) Again, these examples reinforce the pragmatic idea that donations tend to be provided to parties that have a high chance of being elected to government.
considerable amount.91 Within the party, electorate branches raise their own election campaign funds locally. According to McCarten, speaking in 1993, this meant that each electorate raised ‘between $10-30,000 to pay for local campaign expenses and election material (leaflets, posters, etc) supplied from the Alliance “centre”’ (CPNZ, 1993).

While in Parliament the Alliance made very effective use of its parliamentary resources, and these became central to its operations. Chapter Eight shows that in contrast to the third of a million dollars that the extra-parliamentary unit expected to raise in 1999, in the same year the state provided nearly a million dollars of funding to the Alliance leader’s office and nearly half a million dollars to the Alliance’s electorate office operations.92 In the 2000-01 financial year the Alliance received $810,504 in ‘Party and Members’ Support’ from the Parliamentary Service (Parliamentary Service, 2001). Ministerial Services also provided the Alliance with a budget of about $2 million to run the offices of its ministers. In 1999, the Alliance had 71 staff – nearly all of whom were paid by the state (McCarten, 1999b).

In its first general election in 1993, the Alliance spent less than $500,000 (plus state funding) (Boyd, 1996: p.5). Three years later, in 1996 the party spent $810,008 (including $251,949 of state funding for broadcast advertising). In the 1999 election year, the Alliance’s campaign cost $939,694 (including $193,983 of state funding for broadcast advertising), making the party the third biggest spender in the election. In the 2002 general election the Alliance was the second lowest spending party in Parliament (after United Future), with a budget of just $215,234 (including $100,000 of state funding for broadcast advertising) – a

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91 The Alliance has run a number of innovative party member donation schemes. For example, in 1998 the “Alliance Victory Shares” was launched, which was a lottery-type fund-raising scheme in which party members purchased shares that put the share-holder into a monthly draw to win a percentage of the money that had been paid into the scheme.

92 According to Alliance party president Matt McCarten, the Alliance’s ‘budget is $1 million p.a.’ (McCarten, 1999b).
figure that was less than a quarter of its previous election expenditure. The decline reflected the party's 2002 split. McCarten said that the split and subsequent dispute over funds 'effectively paralysed' the Alliance and 'People stopped sending their money in because they didn't know where it was going' (quoted in Watkins and Rendle, 2002).

After breaking away from the Alliance in 2002, the Progressive Coalition Party (PCP) raised $300,000 in six weeks. According to the party's president, Marty Braithwaite, 'businesses donate because they approve of Anderton's regional development work' (O'Sullivan and Small, 2002b). The Democratic Party, which was initially involved in the PCP, only raised seven percent of that figure (Young, 14 Oct 2002). For the election, the PCP spent $271,307 (and the party was ineligible for state-funded election broadcasting allocation). The party disclosed to the Electoral Commission donations amounting to $105,000 for 2002.

**Part Three: Professionalisation**

At the heart of the shift from mass parties towards the electoral-professional model is the increase in paid party employees. As discussed in Chapter Six, this party professionalisation is the flip-side of membership decline in New Zealand parties. There is a 'chicken and egg' type question as to whether the trend towards professionalisation and away from the more traditional activist-orientated model is due to the declining ability of the membership to carry out their traditional activities, thereby necessitating professionalism, or conversely that professionalisation has led to membership decline by effectively superseding the membership with the use of techniques which are superior to the traditional ones. It seems that the shift to the electoral-professional model is changing for both these reasons and the declining membership and the increasing
professionalisation reinforce each other.\textsuperscript{93} There can be no doubt that in New Zealand much of the work traditionally carried out by traditional party bureaucrats and party activists is now being carried out by party professionals and consultants.

According to Alexander Tan, professionalisation involves the increased ‘employment of experts and consultants, the increasing number of staff and personnel in central party organizations; and the use of communications technologies’ (Tan, 2000: p.55).\textsuperscript{94} Party professionals can be distinguished from party activists and office holders by four key characteristics:

1. They are paid employees or contractors rather than volunteer labour;
2. They need not be members or supporters of the party;
3. Their careers will encompass work for organisations other than the party;
4. Their skills are in media, policy, marketing, administration and the like.

These professionals are often people who do not originate from within the extra-parliamentary structures, and hence do not have the same ideological background and beliefs as the traditional bureaucrats and activists. Primarily they are carrying out their political functions for financial reward. They are also characterised by expertise in a field, such as communications, administration, research or policy development. They write speeches, design pamphlets, undertake secretarial work, answer phones, devise policy, liaise with the media and so on. These professionals are generally employed for the duration of the parliamentary term and work in the parties’ parliamentary offices. Other professionals hired by the parties are temporary contracted consultants used particularly at election time. These include public relations and image consultants, direct marketers, focus group organisers, specialists in market

\textsuperscript{93} According to a, ‘a main impetus for the [professionalisation] innovations has been the decline of the mass-membership party with myriad volunteers and loyal adherents to spread a party’s message to voters, and feed back their reactions’ (James, 2001: p.201).

\textsuperscript{94} See also: Farrell and Webb (1992), and Katz and Mair (1995).
research, computer specialists, television interview trainers, advertising agencies, and demographic researchers (James, 2001a: p.203; Hope, 2001: p.317). Sometimes these professionals take up a large proportion of expenditure. In the 1987 election campaign the Labour Party allegedly spent over a million dollars on opinion polling alone (Frontline, 1989).

An important part of this professionalisation is the fact that the professionals are often based in the parliamentary offices of a party rather than the extra-parliamentary headquarters. The most obvious examples of these people are the many media-communications staff that work in Parliament writing news stories on behalf of the party politicians. Because these professionals are paid for by the state, this situation amounts to a system of state funded professionalisation of the parties. As outlined in Chapter Eight, the parliamentary parties are given generous resources which are invariably used for party political purposes. There has been rapid growth in the numbers of such party media professionals. Until the 1970s, ministerial staff were generally career bureaucrats from the public service. Press secretaries, for example, were seconded from the Department of Tourism and Publicity. The Third Labour Government initiated a new process in which professionals from outside of the public service were hired and aligned with particular ministers (Brown, 1996: p.65). Then the Fourth Labour Government entrenched this arrangement. It brought 'in close political allies, or recruited people from business, or from television and the newspapers' (McQueen, 1991: p.66).

Since then, the numbers have grown substantially. While in the late 1980s the Labour Government employed twelve journalists as ministerial advisers, this was soon substantially surpassed by the following National Government whose 25

95 While most of these consultants also work in industries other than politics, sometimes they are specialists devoted to political marketing alone, and therefore work in the political systems of a number of different countries. The most prominent example in New Zealand is the Act party's contracting of Gavin Anderson and Koortlang from Australia for their 1996 and 1999 general elections.
Chapter Seven: Party Finance and Professionalisation

ministers used 32 media officers (Hope, 2001: p.314). Over the following years
the numbers of media professionals employed by the parties rose even further.
By 1993, the Labour Party, according to David Lange, had four times as many
media staff in opposition than the party had had in 1984 (Lange, 1993).96 Then
by 1998 there were 48 media professionals working for all the parties, and on top
of this the parties in Parliament employed another 30 researchers (Bain, 5 Nov
1998: p.9). As detailed in Chapter Eight, the number of staff working in ministerial
offices has increased from 45 in 1989 to 232 in 2002. The 2003 Parliamentary
Telephone Directory lists 247 staff as working in the ministerial offices. Table 7.6
provides more information on the staffing numbers of the parties in Parliament.
The numbers need to be taken with caution, as the directory is not a definitive
record of current staffing levels – unfortunately there is very little publicly-
available information on state funded staff working for the parties.

<table>
<thead>
<tr>
<th>Party</th>
<th>Ministerial Staff</th>
<th>Executive Secretaries</th>
<th>Leader's Office, Media &amp; Research</th>
<th>Electorate Agents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour</td>
<td>235</td>
<td>25</td>
<td>18</td>
<td>97</td>
<td>375</td>
</tr>
<tr>
<td>National</td>
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<td>11</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Greens</td>
<td>0</td>
<td>9</td>
<td>14</td>
<td>9</td>
<td>32</td>
</tr>
<tr>
<td>United</td>
<td>0</td>
<td>5</td>
<td>9</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Progressive</td>
<td>12</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td><strong>247</strong></td>
<td><strong>84</strong></td>
<td><strong>85</strong></td>
<td><strong>189</strong></td>
<td><strong>605</strong></td>
</tr>
</tbody>
</table>

Source: Parliamentary Telephone Directory (July 2003)

In 2003, the Labour Party has the most staff working for it in its parliamentary
and electorate offices – about 375. This included about 235 staff working in
ministerial offices and the Office of the Prime Minister (but not including the
separate Department of Prime Minister and Cabinet). It also included a further 25

96 According to Hope, ‘From 1993 to 1997, the total number of party press secretaries rose from thirty-two to
forty-two (an increase of 31 per cent). The number of press gallery journalists fell from fifty-nine to forty-five
(a decrease of 24 per cent)’ (Hope, 2001: p.318).
executive secretaries mostly working for backbench MPs, 12 in Labour’s research unit, 3 in the Government Communications Unit, and a small number of administrators. Collectively Labour MPs also employ 97 equivalent full-time staff in their electorate offices. Compared with the parliamentary offices of the parties, their head offices outside of Parliament are somewhat less well-staffed. Labour’s extra-parliamentary office, for example, has only nine employees (Allen, 1999).97

National has the second highest number of staff – about 99. In the Leader’s Office there are 7 employed, while in the research unit and IT section the party has 11 staff, the media unit has four staff, and an ‘advisory’ unit employs 3. Compared to this, the National Party headquarters outside of Parliament have about seven staff (Slater, 1999), although its divisions employ an additional and unknown number of staff.98 The Green Party has the third highest number of staff, with 9 executive secretaries, the equivalent of 9 electorate agents, and 14 working in the parliamentary offices on media, policy, research and administration. By comparison, the Green Party head office employs just 2. New Zealand First has a research unit of 3 and a Leader’s Office of 7, helping make up a total staff of 31. The next biggest is Act, who in 2003 employs about 29 taxpayer-funded staff in its parliamentary and electoral offices.99 In its extra-parliamentary head office, the party initially employed ten full time paid staff, who mostly had a background in marketing (Brown, 4 Mar 1995: p.26). Such staff included former Saatchi and Saatchi executive David Walden, who became Act’s first chief executive; and the former national director of marketing at Coopers and Lybrand, Pauline Hughes, who was Act’s director of communications for a time.

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97 The party organisation also has few funds to contract in professionals — evidenced by the statement by Michael Hirschfeld, the party president in 1997, that Labour was disadvantaged in its competition with National in its 1996 election campaign due to its lack of consultants (Hirschfeld, 1997: p.33).

98 In 2003 the National Party decided to revamp its organisation, centralising its decision-making and financial administration from the divisions to the headquarters, and therefore many of the divisions’ jobs could be expected to shift to Wellington.

99 In 2003 it was discovered that a number of Act’s electorate staff also worked in Parliament. See: Chapter Eight.
(Booker and Evans, 1995: p.12; Brown, 1995: p.30). The party has also employed other professionals with 'backgrounds in the advertising/media/marketing milieu', such as Scott Woolley, Simon Carr and Keith Davies (Hine, 1995: pp.43-44). Carr has commented that upon joining the Act team he discovered that 'The place was crawling with communications professionals' (Carr, 1997: pp.90-91). By 2001, however, the extra-parliamentary party had declined to only one staff member. The United Future party, in 2003, has about 22 state funded staff. Of these, 5 work in the Leader's Office, 4 in the party's research unit, 9 as electorate agents, and 5 as executive secretaries.

In the 1990s, even the more traditional Alliance was modernising and professionalising its operations, hiring 'spin doctors, market researchers, polling agencies, advertisers, and other communications professionals' (Hope, 2001: p.317). In 1997, Rod Donald - then an Alliance MP - reported: 'We are professionalising, growing from a small family firm into a mid-sized company. We have more technology, more staff, and we are doing more planning' (Donald, 1997: p.46). In their media unit during the late 1990s the Alliance had six employees, including a former Paul Holmes radio show producer, John Pagani, and a former Public Service Association boss, Tony Simpson. The Alliance research unit had five employees. The Alliance's Electorate Liaison Unit, which was located at Parliament, had four employees, including Alliance president Matt McCarten. Carrying on in Parliament, the Progressive Party has a total of 16 staff, of which 12 work in Jim Anderton's ministerial office.

The press secretaries working in Parliament are also normally former journalists, and are usually without any previous ties to the party they work for. For instance by 1993 the majority of the National Government's thirty-two press staff (allocated to twenty-five ministers) were ex-journalists. These ex-journalists are often from the parliamentary press gallery - for example in 1993 the Dominion's Mike Munro pointed out that there were then nine ex-gallery journalists working as press secretaries (Munro, 20 May 1993). A couple of years later Munro
swapped sides too, to work for Helen Clark. He has since been followed into party work by former political editor of National Radio, Richard Griffin; former political editor of the Evening Post, John Goulter in 1999; and former *Dominion* editor Richard Long in 2003 – all of whom joined the National Party staff.\(^{100}\)

As an illustration of the fact that the parties are not terribly concerned with the partisanship of the professionals that they hire, Munro pointed out that before being hired by the leader, ‘Clark didn't even ask me if I was a member of the Labour Party’ (quoted in Clifton, 27 Dec 1997: p.29). Likewise, when Goulter joined the National Party’s staff, he was reported as insisting ‘that at no time has anyone asked him who he votes for’ (Johns, 1999: p.65). Even Long would only say he was in ‘broad sympathy’ with the National Party (Roger, 2003).\(^{101}\)

It is also noteworthy that some of the political party professionals have extraordinary degrees of influence within the parties. As Ruth Laugesen has pointed out, this differentiates modern party professionals from traditional party workers: ‘While the backroom kingmakers have always been around in the established parties, today’s kingpins have emerged from the reliance that new under-resourced parties have to place on a few committed individuals’ (Laugesen, 1996c: p.13). Therefore, although not necessarily household names, the professionals behind the scenes of many of the parties are becoming acknowledged as important players in the direction and operations of the parties. Since the mid-1990s, people like the Alliance’s John Pagani, Labour’s Heather Simpson, New Zealand First’s Michael Laws, National’s Richard Griffin, and Act’s

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\(^{100}\) Other significant journalists that have recently worked for the parties include Sue Foley, Tim Grafton, Brian Edwards, Patricia Herbert, and Helen Bain.

\(^{101}\) Party staff increasingly switch between parties too. For example, in 2003, Rob Eaddy, who was formerly the National Party’s chief of staff, was appointed to that role with United Future (*NZ Herald*, 2003b). Other examples include Peter McCardle (ex-National MP and ex-New Zealand First MP) working as the head of Act’s research unit, Neil Kirton (ex-National, and ex-New Zealand First MP) working for the Alliance, and Sue Foley (who worked as press secretary to Mike Moore when he was Leader of the Opposition), then took up the same job with Bill English in 2001.
Simon Carr were all seen to be more important than MPs.\footnote{For example, Jane Clifton commented in 1997, 'MMP's first tumultuous year makes for familiar reading, but there's a subtext. It was shaped by Richard Griffin... and three rival major party press chiefs. At times, the four operated as unelected MPs' (Clifton, 1997e: p.28). She also pointed out, 'The Alliance's John Pagani is the only true believer among the spin doctors. The others insist on a non-party "professional communicator" label' (ibid: p.29).} By contrast the party presidents during this period have come to be considered increasingly insignificant – no political commentators have talked much about the influence of John Slater and Judy Kirk (National), Mike Williams (Labour), Doug Woolerton (New Zealand First), Catherine Judd (Act), Ian Stephens, David Clendon, and Catherine Delahunty (Greens), Marty Braithwaite (Progressive Coalition Party). Where the presidents have been high profile and seeking strong influence – Michelle Boag (National), Bob Harvey (Labour), and Matt McCarten (Alliance) – they have suffered severe resistance and fallout from the party MPs as a result.

The party professionals clearly do have a lot of influence over policy. For instance, Laugesen has outlined how during the 1990s, Labour’s Research Unit Executive Director, Heather Simpson, not only oversaw Labour’s policy, she wrote ‘most of it herself with input from shadow spokespeople and more junior staff members’ (Laugesen, 1996c: p.13). Similarly, much is made of the influence that Margaret Pope had on the direction of the Fourth Labour Government from within the Prime Ministers’ office when she was David Lange’s speechwriter. Michael Laws has also admitted to being virtually solely responsible for the 1996 rewrite and re-direction of New Zealand First’s economic policy (Laws, 1998a: pp.323-331). Within the Alliance during the 1990s, it was well known that it was the head of their media unit, John Pagani, who wielded the greatest influence on leader Jim Anderton, and therefore upon the whole party.

The role of professionals is not only changing in the parliamentary offices of the parties, but also in the extra-parliamentary organisations. In a previous era, the activities of the head offices were, according to party theorist Peter Mair, ‘directed towards the organisation and maintenance of the party on the ground (a
key concern in the mass party)' but are now 'increasingly directed towards the mobilization of support in the electorate at large' (Mair, 1994: p.13). This is certainly the case in New Zealand where organising the membership of a party is now an insignificant role due to the insignificant numbers of people belonging to the parties.

Professionalisation is especially advanced in terms of electioneering. The 1987 general election is regarded by some as representing the arrival of the modern and professionalised campaign to New Zealand politics. The Labour campaign in that election was certainly a turning point in regard to the employment of market research professionals. The Labour Party strategists based their campaign decisions and marketing designs heavily on a sophisticated opinion polling system. This new elite of media specialists and other experts are now playing a major role in every element of the campaign – from deciding the campaign issues through their market research initiatives to organising media coverage. For their 1999 election campaign, the Labour Party even paid $70,000 for an 'events professional' to organise their campaign launch at the Auckland Town Hall (NZPA, 1999: p.12).

An obvious and basic example of the relationship between the use of labour and capital resources in a party's election campaign is in the distribution of written material to voters. While parties have traditionally had activists deliver their pamphlets, leaflets and manifestos to voters' letterboxes, this is now changing. To a certain extent traditional delivery still occurs, but there is a growing trend towards the use of commercial direct-mail techniques that appears irreversible. According to Alan Ware,

Leafleting requires a lot of people to distribute the propaganda; direct mail solicitations today may require very little labour, but considerable sums of money for postage. (Lists of potential recipients can be bought from various sources on computer disks, and
envelopes can be addressed and franked by computer, so that only a small number of people are required for such an operation) (Ware, 1996: p.308). The employment of advertising agencies is one of the most obvious examples of the professionalisation of the parties' campaign activities. The increase in professionals and consultants involved in electioneering is also obvious in a physical sense, as Bob Harvey has noted: 'As the cavalcade has grown, where Norman Kirk and Sir Keith Holyoake would move around the country with maybe a secretary only, now twenty advisers cram a private plane. Motorcades and bodyguards are now part of the New Zealand political scenario' (Harvey, 1992a: p.109).

One of the main reasons that parties need to professionalise is because their whole connection with society has changed and thus they need expertise in order to create new ways of linking with voters. A whole host of trends makes for a difficult campaigning environment: old allegiances have broken down; traditional party ideologies have become confused, new and minor parties now threaten the more established ones, young people do not vote with their parents, and voter turn-out has dropped. The rules of the game have thus changed, and parties can no longer rely on established methods and linkages to communicate with voters and win their support. In this environment the parties have sought to employ professionals to utilise superior organisational and communications skills to connect with an increasingly volatile electorate. Similarly, professional aid is also required by modern political parties due to the fact that voters are now somewhat antagonistic, untrusting and cynical towards New Zealand political parties (see Chapter Ten). This anti-party feeling means that selling a political party is now a lot harder and requires new ideas and more sophisticated and subtle methods – which is the area of expertise that the party professionals provide. Also, because

103 This is also illustrated by United New Zealand's Mark Stonyer, who rejects the need for a large membership carrying out the traditional party activities like delivery of party propaganda: 'This is the 90s – with that sort of stuff you can send all your electioneering and other mail-outs to a mail centre who will print, fold, envelope, seal, stamp and distribute for you for the same price as a postage stamp' (Stonyer, 1999).
general elections are now a 'privatised' event – as opposed to a public one – parties need professional advice on how to communicate with a distant public. Whereas the public used to attend election rallies in large numbers, take public meetings seriously, and generally participate in the campaign, they now stay in their homes or seek alternative entertainment. There is a widespread disengagement with politics by electors, and it is the job of the professionals to connect and communicate with these electors. Parties cannot rely on such passive campaigning methods as TV advertising, but need to get proactively in contact with the public. Party activists, it seems, have failed at this task or are no longer able to perform it because of their declining numbers. Hence more than ever before the political parties have to go to the electorate, as the voters are not participating in the campaign by choice. The parties therefore deliver themselves to the voters through computerised mailing lists, commercial mail drops, more innovative television and so on (Vowles et al., 1995: p.56). It also should be pointed out that party professionals are now more useful and valuable because elections under MMP are more of a national campaign (for the party vote) rather than a local one in which local activists organise marginal seats.

The shift towards electoral-professional parties, with the growth in party professionals, can also be read as an indication of the essential weakness of contemporary parties, rather than their all-powerfulness. As David Lange has commented on the exponential increase in media employees in the 1990s, 'Journalists have no cause for anxiety. The presence of paid mouthpieces in such numbers is not evidence of the Government's ability to manipulate the news. It's a measure of its weakness' (Lange, 1993).¹⁰⁴ In this way, the employment of a party professional may signal that the current parties have little

¹⁰⁴ Yet the growing professionalism of the parties is also disturbing the balance of powers that exist between the parties and the media. According to Maharey, 'politicians are operating in a more sophisticated way and with more resources at a time when journalists are stretching to do even a basic job' (Maharey, 1992: p.96). The number of media professionals employed by the political parties in Parliament now outweighs those employed as journalists in the press gallery. By 1998 the 48 media professionals working for all the parties now outweighed the 45 journalists working in the parliamentary press gallery (Bain, 5 Nov 1998: p.9).
of interest to say and therefore need to invest in media specialists to dress-up and disguise their emptiness. The dominance of the professionals is also a reflection of the changed nature of the election debate, as politics has been shifting away from issues, ideology, and policies towards personalities and superficial politicking. The parties therefore need people who can specialise in making headway in this environment. Media and communications experts are clearly better at this job than party activists.

Crucially, the need to professionalise also comes from the simple fact that professional methods are now superior to the traditional. As senior National MP Murray McCully has argued, 'The advantage that a skilled professional can score over an enthusiastic amateur is now quite significant' (quoted in Harris, 1993b). Media-orientated strategies are now quite simply the 'most effective and efficient tools for disseminating their propaganda – much better, for example, than relying on amateur door-to-door canvassers or speaking at the local town hall' (Rudd, 1989: p.35). The move to professionalism is also due to the growth of the importance of the electronic media. Inevitably the consequence of campaigns dominated by the electronic media is the desire of political parties to increase their own professional expertise for using the media. As Atkinson has argued, 'New Zealand politicians gradually came to realise that, since television could not be avoided, they would need help in coping with it, particularly at election times' (Atkinson, Dec 1989: p.98). And, of course, when one party professionalises, it encourages a similar reaction from the others, leading to an inflation of professionalism in the campaign: 'As soon as communications specialists started supplying it to them, election campaigns began to take on the now-familiar, more visual style of "media walkabouts" and "camera opportunities"' (Atkinson, Dec 1989: p.98). Therefore a vicious circle of increasing professionalism is created.

The consequences of professionalised media-centred politics are, of course, quite considerable. Most importantly, there is a policy dimension – in the sense that policy can be more inclined to lose its prominent role in campaigns. As Steve
Maharey has argued, whereas politicians used to spend much of their time on issues of policy, ‘the constant search for publicity takes precious time away from these essential tasks of a politician’ (Maharey, 1992a: p.94). His own experience led Maharey to believe that ‘media handlers become more important than policy advisers’ (ibid: pp.94-95).

Critics have argued that the value of professionals to political parties is questionable. This is apparent in the stories that Simon Carr of Act has written about the chaos and mistakes made inside his party due to its over-reliance on professionals during its start-up period. Carr maintains that professionals are not the best advisers for politicians:

> the advertising people thought advertising was the most important thing about Act that would impel the message into the hearts and minds of the voting public. The researchers thought they could characterise our constituency and reveal their hot buttons so they could be played like a pianola. Naturally enough, the computer people thought the demographic databases would reveal everything; the membership people thought the membership was most important. The membership would take our interesting message in pyramid teams through the country in three million face-to-faces; and most of the ten managers, with every justification, thought the management was the critical element in the equation (Carr, 1997: p.93).

According to Carr, Act’s mistaken over-professionalisation was the result of the party having fallen victim to ‘delusions of grandeur’ (Carr, 1997: p.93). Although professionalisation was seen as the common sense and smart way for the party to develop, according to Carr, it was a false belief in terms of Act.

This raises the question of whether money – the key element of the modern electoral-professional party – is really as essential to New Zealand politics as is commonly assumed. There is no doubt that a party that has ample capital resources is advantaged over its opponent that has fewer. And there is no doubt that these capital resources can be employed in very effective ways in which labour resources can not. However, some good arguments might be made that these resources are over-rated and an over-reliance on them might be a handicap. First there appears to be very little evidence in the party literature to
show that the greater expenditures of money produces greater electoral success. The effectiveness of advertising for political parties is especially questionable. Jeff Gamlin has commented that the ‘Conventional wisdom about the influence of election campaigns tends to be confined to the extent to which they confirm an already established trend’ (Gamlin, 1999f: p.22). In their extensive study of whether increased party spending at the national level has been electorally significant in British election between 1959 to 1994, James Forrest and Gary Marks concluded that ‘campaign advertising has a reinforcing rather than a persuading role for the stable voter but a persuading or at least guiding role for the volatile voter’ (Forrest and Marks, 1999: p.100). Further evidence of the ineffectiveness of political advertising is supplied by Carr. After Act spent $300,000 on a round of advertising in 1995, Carr reports that the party’s support actually dropped by nearly three-quarters (Carr, 1997: pp.86-87).

Certainly in the recent New Zealand elections there does not appear to be a strong correlation between parties increasing their spending and their votes increasing. In fact the correlation is possibly the opposite. Appendix O suggests that spending greater amounts on election campaigns appears to simply raise the average cost per vote for the parties. For example, National increased its expenditure in 1999 by about 40 percent, but received fewer votes, which meant that its cost per vote rose from $2.80 to $4.35. Act has also achieved very bad value for money, spending $13.82 per vote in 1996, $5.41 per vote in 1999 and $12.36 per vote in 2002. Another party of the right, United New Zealand spent $7.81 per vote in 1996 and then $8.63 per vote in 1999. By contrast there are plenty of examples of parties finding success after spending only small amounts. For instance, in both 1990 and 1999 the Green Party spent only very small amounts for a significant return. In the later case, they achieved a cost per vote of only $2.62. The party then became wealthier and was able to more than double its expenditure at the following election, but this meant that the cost of each vote rose to $5.38. Similarly, New Zealand First has generally spent only small amounts on campaigning and has been relatively very successful. For the
general elections between 1996 and 2002 it has achieved low costs per vote of $4.01, $2.46, and $2.15.

The story of the rise and fall of the Alliance party provides a good example of how the resources of a party do not necessarily determine electoral success. Formed in 1991, the party had few capital resources in its early years, especially because it had access to very few parliamentary resources. At the 1993 election it spent about $500,000, and gained its highest vote – 18.2 percent. At the next election it increased its expenditure to $800,000, but its support declined to 10.2 percent of the vote. From this point the party had access to millions of dollars in taxpayer-funded resources, and it also had improved private funding, which meant it could spend about $940,000 at the 1999 election. Yet its vote declined further to 7.7 percent. However, because it went into government with Labour, it received a substantial boost in resources through parliament. Such resources then became part of a vicious internal dispute, and in the following election the party received only 1.3 percent of vote (after spending about $215,000). This story suggests there is a correlation between the party's increased professionalisation and its decline in popular support. Although this might not be a real correlation, it does point to the irrelevance of professionalisation in determining electoral success. Moreover it suggests that other political factors might be more important than professionalisation in explaining political success. For instance an argument might be made that the Alliance's decline mirrored the party's erosion of ideology. Likewise, it might be argued that the party was adversely affected by the erosion of its membership and the decreased involvement of activists. All these factors may have played a part in the party's demise, and they are all related in the sense that they relate to the shift towards the electoral-professional party model.

It is possible that high-spending election campaigns are also counterproductive in that voter perceptions of party wealth and its association of lucrative funding are probably negative. The classic example in recent times was the 1993 campaign
against MMP by the Campaign for Better Government group, which was lucratively funded by big business and generally regarded negatively for this reason. Voters can also easily be turned off by too much exposure to political advertising. As Simon Carr has pointed out, advertising professionals working for parties, 'fail to recognise that advertising combines all the things voters most dislike about politics and about advertising – slick, costly, boastful and almost certainly untrue' (Carr, 1997: p.87). This is possibly why there has been a trend by many of the parties to trade on a more folksy and traditional campaigning image, utilising street corner meetings, and so forth. In the 1990s there was somewhat of a resurgence in the use of traditional campaign techniques, which meant that parties across the political spectrum were fighting elections with different mixes of labour-based and capital-based techniques. This made for an interesting juxtaposition between parties using traditional campaign techniques and those using sophisticated modern ones. One example of this contrast is the gradual substitution of door-to-door canvassing by pamphlet mail-outs. Denemark found that 'telephone calls and home visits by canvassers were obviously rarer phenomena in 1996 than the receipt of campaign pamphlets and letters' (Denemark, 1998: p.87). In the same election, the Alliance, in contrast, went against the trend to visit fewer homes in their campaigns, with the party estimating that it made '100,000 home visits, 65,000 of which were in leader Jim Anderton's electorate, Wigram' (Denemark, 1998: p.87).

Following the 1993 general election, Alliance campaign manager Dave Macpherson claimed that low-tech campaign methods were superior to those of the high-tech campaign:

Good old fashioned door-knocking and street corner and soapbox meetings were starting to have an effect [for the Alliance campaign]. Labour and National concentrated on so called high-tech campaign tools: phone surveys, polling, whistletstop leaders tours, and expensive newspaper advertisements. To us they were pretty ineffective.... Also highly effective in a low-tech way was the campaign by Jim Anderton. Meetings were held in most electorates. A restrained approach to the media circus was mentioned as a big plus in public feedback (Macpherson, 1994: p.20).
Macpherson may have been right, because even the main parties later began utilising more traditional methods of campaigning. For example, the street corner meeting again became popular with candidates from the Labour and National parties. However, the adoption of these activities is often not out of merit for the method but as a publicity gimmick, an attempt to get positive media coverage of the fact that the party is using the traditional method, or to show that the party still has roots in the past. As Ware has put it, 'earlier forms of campaigning create expectations among voters about how parties should interact with them, so that parties which fail to do so may lose support' (Ware, 1996: p.307). Consequently, some degree of door-to-door canvassing, public meetings and so on persist in the face of developments in such methods as direct mail and websites, that communicate with voters more efficiently and/or effectively. These are fairly limited however.

It also needs to be noted that although capital resources are becoming increasingly central to the functioning of the extra-parliamentary organisations, the amounts are still relatively low in New Zealand. For example, despite the centrality of advertising and its ever-increasing employment, political parties still spend fairly small amounts of money on advertisements relative to their commercial counterparts. Disregarding money donated to the parties' election campaign funds, the overall picture is that the main two parties have routine incomes of about two million dollars, while most of the smaller parties have something less than half or a quarter of this amount. Those figures cannot be considered high. For instance, with a budget of about $2.5 million, the Labour Party probably spends about the same as a small primary school.105

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105 In comparison, the three main German parties have incomes of about NZ$240 million, NZ$210 million and NZ$40 million even without counting state funding (Linton, 1994: p.22). Arguably, the low amounts of expenditure in New Zealand are reinforced by the limit on party election expenses — See Chapter Nine for more on this.
Despite the centrality of advertising and its ever-increasing employment, by advertising industry standards the political parties do not spend a great deal of money on election advertising. Certainly political parties still spend fairly low amounts of money on advertisements relative to their commercial counterparts. Prebble has argued that most parties' 1996 campaigns were extraordinarily cheap by international standards, pointing out that 'McDonalds spend more money on TV ads in a month than the biggest parties spent in their total expenses on everything' (quoted in Scherer, 28 Jan 1997). Likewise, United leader Clive Matthewson was quoted as saying that 'Kellogg's, Nestle and Unilever spent far more on television in a week than his party's $93,000 allocation over four weeks' (National Business Review, 23 Aug 1996). It needs to be pointed out that an estimated total of $1.4 billion was spent on advertising in 1998 (Barclay, 2 May 1999: p.A6). The amounts that New Zealand political parties spend are therefore, in the context of total advertising spending, fairly insignificant. Even in the last week of the high-spending 1999 general election, the biggest spending political party, National, was ranked as only the 17th biggest spender of the week, spending $177,969. The Chief Electoral Office spent considerably more, buying $420,700 worth of advertising (National Business Review, Dec 1999). Combined spending on campaign advertising for the 2002 election was still relatively small at $7,674,990, or about $3.78 per party vote cast. This compares well against Australian political party spending of about NZ$5 per vote in federal elections (Forrest and Marks, 1999: p.100).

This section shows that professionalisation is a central feature of modern New Zealand political parties, and this involves a reliance on capital-intensive operations and staff. Yet the importance of professionalisation has possibly been overestimated by the parties, and in many ways suggests a weakness on their

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106 Of this, according to AC Nielsen, Lever Rexona New Zealand Ltd spends $32.7m on television advertising, Telecom $28.9m, New Zealand Lotteries Commission $21.3m and McDonald's $17m (Barclay, 2 May 1999: p.A6).

107 For the week to November 20 1999 (NBR, 1999a).
Chapter Seven: Party Finance and Professionalisation

part. The possession and use of large capital resources is not necessarily the crucial determinant of democracy in New Zealand. As will be shown in Chapter Nine, this point has important implications for the issue of state regulation of political parties.

Conclusion

In 1966 Milne commented that, 'Very little has been published on [party] finance, but the information available indicates that the position is radically different from what it was in the days of the Reform Party' (Milne, 1966: pp.175-176). Moreover, since Milne’s time the use of financial resources by political parties has changed even more. Most significantly, there has been a reduction in the traditional class pattern of donor-party relations. The Labour Party is no longer reliant on trade unions and party members for its financial resources, just as the National Party no longer has a near-monopoly on business funding. An important theme of this chapter has therefore been the increasing homogeneity of party finance. This is an important change because the fact that the parties are less strongly financed by distinct societal interests obviously has implications for the parties’ ideological influences and loyalties. Such a change should also be seen as a further element of the parties’ eroding linkages with civil society examined in previous chapters.

Attention has also been drawn in this chapter to the increasing amounts of money being expended by New Zealand’s modern professionalised parties. The cost of operating a party and participating in elections is now very significant. This chapter has shown that campaign expenditure has risen significantly since the 1960s, largely related to the shift towards the electoral-professional party type, which involves the increased employment of professionals at the same time as the amount of income from party membership fees and activity decreases. This has indicated a change in the balance between capital and labour resources
in politics. The professionalisation of party organisations therefore represents a substantial change in the activities and nature of politics in New Zealand. Yet despite this change, this chapter has also suggested that the amounts of money involved in New Zealand politics are still not as extravagant as they might appear. Furthermore, this chapter also calls into question whether the professionalisation of parties really is as advantageous to the individual parties as is commonly accepted.

One of the most important points that arises out of this chapter is the fact that the bulk of the parties' financial resources are provided by the state via Parliament. Obviously a hidden form of state subsidies to New Zealand's political parties has existed for a long time. But this is changing, as the funding becomes more entrenched and generous. The state's provision of generous resources allows the parties to avoid the conundrum of the increasing costs of professionalisation together with the erosion of both party membership and links with civil society. There is a sense, therefore, in which the financial problems of the parties are merely a symptom of a more serious transformation of the organisational and political nature of the parties. This phenomenon of state funding is examined in the following chapter.

This chapter has attempted to solve the 'mystery' of party finance in New Zealand by compiling and making sense of virtually all available and significant information about the parties’ capital resources. There are still substantial gaps in the accounts of the individual parties in this chapter, and this suggests that further research is required. This will, however, only be useful if greater access to internal party records can be obtained.
Section Four:
The State-Party Relationship
Chapter Eight

State Resourcing of Parties

It is not commonly realised that the most important source of resources for political parties is now the state. The vast bulk of the resources provided to political parties come via the backdoor of parliamentary funding. MPs receive resources intended to permit them to carry out their legislative duties and serve their constituents – activities such as research, paying for office expenses, consultation with the public and so forth – but much of this is used for partisan political purposes, electioneering, and organising their parties. It has been calculated that each ordinary MP costs the state about $750,000 a year while ministers cost about $2 million each (Bain, 1998a: p.9). Much of this constitutes a considerable source of indirect public funding of the parties. This is a major shift from the past, when the bulk of party resources came from their membership base or from organisations aligned with the party, such as trade unions and businesses. As Chapter Seven has shown, less party funding now comes from these sources, as the parties have only minuscule memberships and their traditionally-aligned organisations contribute relatively little. As a result, New Zealand political parties have shifted from a reliance on membership, business and union contributions to a more autonomous existence in which parties behave more as ‘virtual government departments’.

Following on from previous chapters investigating the decline of the linkages between political parties and civil society, the following two chapters examine the increasing relationship that New Zealand parties have with the state. This chapter details and explains the considerable resources that the parliamentary
parties receive from the state, and argues that the dominant political parties have been able to manipulate the relationship with the state to their own ends – producing a relationship that is not conducive to a healthy and dynamic party system. It shows how the parties are becoming embedded in the state at the expense of their traditional role of aggregating and representing societal interests. While the closer relationship encourages the parties to have increased independence from traditional groups in civil society, this chapter shows that conversely the parties become more like state funded and ideology-free bureaucracies. Following this, Chapter Nine examines the increase in state regulation of political parties.

This state-party relationship is now a key one for every party in Parliament, yet it has lacked analysis in New Zealand. Party scholar Peter Mair has made a similar point in terms of the study of parties throughout the advanced industrialised world:

the understanding of party organizational change and adaptation requires us to pay at least as much attention, if not more so, to the linkage between party and state as it does to the linkage between parties and civil society. At the same time, however, it is also clear that it is precisely this particular linkage which has tended to be either ignored or undervalued in previous assessments of party change and stability, which... has tended to focus almost exclusively on party relations with civil society (Mair, 1997: p.139).

Despite this lack of attention, it is acknowledged that in every country of the world the state provides money to political parties in the form of direct grants, contributions to election expenses, or parliamentary funding. While state funding of political parties is not entirely a recent phenomenon, it is only in recent years that it has reached such large proportions and significance. Throughout the twentieth century, parliaments everywhere have increased the resources available to legislators, and since the 1950s, this funding has started to be directed at party groups and candidates. It appears that, around the world,

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1 Pinto-Duschinsky offers the example of the American territory of Puerto Rico as possibly the first democracy to introduce state-funding of political parties. Then in 1959, West Germany introduced its first direct subsidy system (Pinto-Duschinsky, 21 Sep 1998). Sweden and Denmark started schemes in the late
Chapter Eight: State Resourcing of Parties

Parties have turned to state resources to replace declining civil society resources. This has coincided with the transition from the mass party model to that of the electoral-professional party, which brings with it an increase in the cost of electioneering together with a decline in income from membership and corporate and union donations.

Within the Western world, countries can be divided into two basic categories of state funding. First, there are countries that provide direct and overt forms of state subsidies. These include Germany, France, Australia, Sweden, Norway, Finland, Austria and the Netherlands. 2 In these countries, sizeable subsidies are provided directly to the political parties for the express purpose of electioneering and organising the party. The second category involves those countries where for the most part generous subsidies do not officially exist, but the parties are very well funded by stealth under the guise of parliamentary funding. According to Pierre et al. (2000: p.20), this category is represented by Ireland and Britain, and this chapter argues that New Zealand also belongs in this group of countries.

This chapter also critiques such funding regimes. Part One outlines the considerable indirect forms of state funding in New Zealand. Part Two then looks at how these resources are utilised, arguing that they are often used for party political purposes, and therefore not always as they were intended. Part Three then discusses the implications and problems of state funding, especially as it relates to the central argument of this thesis – that parties decreasingly have

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2 The following countries have a substantial system of direct state funding of political parties and candidates: Australia (A$14.2m); Canada (CAN$30.5m); France (FF105.6m); Germany (DM332.2m); Italy (91 Billion Lire); Japan (Yen 30.9 billion); United States (US$92.2m) (Pinto-Duschinsky, 10 Sep 1998). The most extreme model of direct state funding of election campaigns is in the US, where the Presidential nominee of each party may be eligible for a subsidy of at least $US20 million, and 'in the 1996 election, the Democratic and Republican Presidential nominees each received public grants of $61.8 million' (Klein, 1999: p.114).
genuine links with the social constituencies of civil society, a decline which is causing ideological erosion.

**Part One: Types of State Funding in New Zealand**

The New Zealand system of state funding provides both direct and indirect forms of resources to the parties. These are outlined below in sections on each.

**Direct State Funding**

The only direct form of state funding in New Zealand is the money and broadcasting time provided by the Electoral Commission to political parties for their election broadcast advertising. For the last five elections, the amount has remained the same – $2.1 million. In 2002 the Electoral Commission divided this funding up amongst 14 parties, with the Labour and National parties receiving the majority of the allocation – 30 percent each ($615,000), and the Greens, Act, New Zealand First, receiving lesser amounts of eight percent each ($166,300), the Alliance five percent ($100,000), and the other eight parties sharing the remainder ($175,000). The Commission also distributed 94.5 minutes of broadcasting time on Television New Zealand (TVNZ) and Radio New Zealand (RNZ). The division of these resources is based on the criteria of: the parties most recent election and by-election performances, their numbers in Parliament, their number of members, recent opinion poll results, and the need to give all nation-wide parties a fair chance to promote their policies.

See Table 8.1 (next page) for full details of the 2002 general election broadcast allocations.
### Chapter Eight: State Resourcing of Parties

#### Table 8.1: 2002 General Election Broadcasting Allocations

<table>
<thead>
<tr>
<th>Party</th>
<th>Final Allocation</th>
<th>Actual Expenditure</th>
<th>TVNZ/RNZ Opening Address (minutes)</th>
<th>TVNZ/RNZ Closing Address (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Party</td>
<td>$617,331</td>
<td>$614,390</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>National Party</td>
<td>$617,331</td>
<td>$614,722</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>New Zealand First</td>
<td>$166,930</td>
<td>$152,844</td>
<td>8</td>
<td>2.5</td>
</tr>
<tr>
<td>Act New Zealand</td>
<td>$166,930</td>
<td>$166,903</td>
<td>8</td>
<td>2.5</td>
</tr>
<tr>
<td>Green Party</td>
<td>$166,930</td>
<td>$166,930</td>
<td>8</td>
<td>2.5</td>
</tr>
<tr>
<td>Alliance</td>
<td>$100,380</td>
<td>$100,000</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>United Future</td>
<td>$75,284</td>
<td>$75,284</td>
<td>5</td>
<td>1.5</td>
</tr>
<tr>
<td>Christian Heritage</td>
<td>$75,284</td>
<td>$71,240</td>
<td>5</td>
<td>1.5</td>
</tr>
<tr>
<td>Outdoor Recreation</td>
<td>$25,000</td>
<td>$24,972</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Aotearoa Legalise Cannabis Party</td>
<td>$25,000</td>
<td>$16,595</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Mana Maori Movement</td>
<td>$12,500</td>
<td>$11,278</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>One New Zealand</td>
<td>$12,500</td>
<td>$12,386</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NMP</td>
<td>$12,500</td>
<td>$12,498</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Libertarianz</td>
<td>$5,000</td>
<td>$5,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>[RNZ admin fee]</td>
<td>$2,100</td>
<td>$2,100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,081,000</strong></td>
<td><strong>$2,047,142</strong></td>
<td><strong>72</strong></td>
<td><strong>22.5</strong></td>
</tr>
</tbody>
</table>

Chapter Eight: State Resourcing of Parties

An additional form of direct state funding was proposed by the Royal Commission on the Electoral System (RCES) in its 1986 report. It argued that post-election funding to parties should be calculated on a sliding scale based on voter support. Those winning more than four percent of the vote in an electorate would receive $1 per vote, up to 20 percent of the vote. The votes won between 20 percent and 30 percent would yield 50 cents each, and a cut-off would apply at 30 percent. If the RCES scheme had been adopted and its payouts adjusted for inflation, today the scheme would pay out nearly $3 million per election, with Labour and National each receiving about $750,000 of this.³ More recently, some have suggested that New Zealand adopt the Australian state funding scheme. Since 1995 the Australian federal state has provided parties with annual funding of A$1.58 for each vote received at the most recent election, and in 1998 handed out a total of A$34 million (MMP Review Committee, 2001: p.89). If adopted in New Zealand, such a scheme would cost about $4 million.⁴ The Chief Executive of the Electoral Commission, Paul Harris, favours extending the direct funding of political parties, and in 2002 called for a ‘fundamental re-examination’ of the current broadcast funding scheme. Harris suggested such a review needed ‘to go beyond considering improvements to the current allocation regime’ and should look at implementing the RCES’s proposed funding of parties (Harris, 2002b).

The Labour Party has been a long-time supporter of a system of state funding, and in 2000 resurrected the RCES proposals for direct state funding, arguing that the alleged public unease over parties being funded by large unsourced donations meant that state funding was an urgent necessity. In its submission to Parliament’s select committee reviewing the MMP system, Labour argued that anonymous donations to political parties should be banned, and a system of direct annual state funding of parties should be introduced to compensate for any

³ The Electoral Commission has calculated that after CPI adjustments, the costs of the RCES scheme would have been $2.79 million in 1996, $2.54 million in 1999, and $2.81 million in 2002 (Harris 2003b).
⁴ In Germany the state reimburses the political parties about NZ$6 for every vote they receive, which if applied to New Zealand would cost about $12 million a year (Gardiner, 2000).
reduction in private funding that might result from the ban. Likewise, the Progressive Coalition Party supports extending state funding. The Green Party also welcomes extended state funding, favouring the Australian system (Milne, 2002e). It says that such funding could combine resources currently provided through Parliament, so that the direct state funding 'could be used for campaign costs as well as parliamentary budgets' (NZ Herald, 2003a). The Act party, in arguing for a radical bulk funding model for parliamentary resources, essentially favours this as well. The National Party, however, has always opposed any extension of direct state funding, stating that taxes should not be collected for political activities. New Zealand First has also opposed public funding, with MP Brian Donnelly saying, 'It really runs contrary to the New Zealand way of viewing democracy and the whole political system' (quoted in Milne, 24 Aug 2002).

There are some good arguments in favour of direct state funding. Certainly if the state is going to fund parties, it is best to do so in a transparent and logical way, and this is afforded by direct state funding. In this way, mechanisms can be designed that minimise the negative effects of state funding. For instance, by allowing a tax rebate on party donations or by providing dollar-for-dollar donation matching, parties would still be encouraged to seek financing from the electorate, and thus not become totally divorced from their constituencies.

It is unlikely that increased direct state funding for political parties will eventuate in the near future. This is partly because of the public's disdain for political parties. In other countries, the introduction of state aid has usually occurred at

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5 This, however, is not the unanimous view within the party, and Geoff Thompson (the party president 1994-98), stated that he favoured increased financing of political parties by the state. Thompson said that such state funding is the outcome of 'clamping down' on private funding through more rigorous rules on disclosure of donors (Gardiner, 2000).

6 See: Geddis (5 2002b).

7 See: Chapter Ten. Also, when the government last considered the issue – in 1989 – fearing a public backlash, it decided against introducing a comprehensive scheme of direct state funding, as Prime Minister David Lange believed it would appear 'tawdry and grasping' (quoted in NZ Herald, 1989a).
Chapter Eight: State Resourcing of Parties

times when there has been substantial public confidence in the integrity of parties.\textsuperscript{8} Before any comprehensive system of state funding becomes politically acceptable in New Zealand, politicians will need to convince the public that they and their parties are worthy of more taxpayer money, and that they can be trusted to spend it properly and competently. At the moment, however, voters are more likely to believe that they should not be required to fund the activities of any party. It is also unlikely to happen because the parties are relatively satisfied with the status quo of indirect parliamentary state funding, and are therefore unlikely to push hard for more open subsidies, unless this source of funding becomes politically unsustainable.\textsuperscript{9}

Indirect State Funding

Most of the taxpayer-funded resources provided to parties in New Zealand come under the category of indirect state funding because these resources are not given directly to the party organisations but instead to the parliamentary wing of the parties under the guise of helping the MPs carry out their parliamentary or ministerial activities. Officially, such financial support is not known as state funding for parties, but as ‘parliamentary funding’.\textsuperscript{10} In order to carry out their parliamentary functions, the parties and their MPs are provided with funding and services that cost in excess of $40 million per year.

Parliamentary funding is distributed to the parties by the Parliamentary Service and Ministerial Services. The Parliamentary Service is the more significant of these two bodies, administering Parliament, its MPs and their offices. In 2000\slash{}01

\textsuperscript{8} See: Linton (1994: p.112).

\textsuperscript{9} In recent years the use of parliamentary resources by parties and MPs have increasingly come under the scrutiny of the public and media. This is elaborated in Part Two.

\textsuperscript{10} When Prime Minister David Lange announced in 1989 that a comprehensive system of state funding would not be introduced, he claimed there was already an indirect form of state funding: ‘It happens every time I answer a letter from a worried constituent. The Government pays the stamp, the Government types the letter; it does that whether you are in Opposition or in Government’ (quoted in NZ Herald, 1989a).
the Parliamentary Service had a budget of $85.6 million (Small, 2001a). Ministerial Services is a separate body that provides resources to MPs in the Executive. In 2001, Ministerial Services provided the governing parties with $15.5 million to employ ministerial staff (Alliance, 2000). It also funds the Prime Minister’s Department, which in 1995 cost $5.7 million (Boyd, 1995b). Both organisations come under the organisational umbrella of the Parliamentary Services Commission, which is controlled by the parties. The Commission is made up of the Speaker of the House, the leader and shadow leader of the House, and a representative from each party in Parliament (or two representatives in the case of parties with over 30 MPs).

Parliamentary resources are distributed through the following four main categories. These categories all differ in the degree that they are converted into political resources for the parties, which is explored in the following section.

(1) Party and Member Support:

The Parliamentary Service provides each party in Parliament with an annual funding for ‘Party and Member Support’. In the 2001/02 parliamentary year, each party was given the following amount: Labour: $4.9 million; National: $4.8 million; Act: $1 million; Green Party: $0.8 million; Alliance: $0.8 million; New Zealand First: $0.6 million; and United New Zealand: $0.1 million (Parliamentary Service, 2002).\(^{11}\) In total, Party and Member Support amounted to $13 million. This funding is made up of the following three categories:

\(1a\) Leaders’ Funding: Each party leader is allocated $57,176 per year for each MP who is not a member of the Executive. This funding pays for the costs of the

\(^{11}\) The allocation of this category of funding is partly based on the number of MPs outside of the Executive (i.e. not ministers). Labour and the Alliance received proportionally less money in this category because these parties had MPs receiving their resources from Ministerial Services. Together, the category of Party and Member Support adds up to $111,176 for each list MP who is not a member of the Executive, and $132,176 for each constituency MP who is not a member of the Executive.
party leaders' office staff in Parliament. The total paid to the parties in 2001/02 was $5.4 million.\(^\text{12}\)

(1b) Party Group Funding: Every party is allocated $20,000 per MP, to cover the costs of research on portfolio issues, as well as parliamentary party management (the whips' office staff and operating costs). In 2001/02, a total of $2.4 million was paid to the parties.

(1c) Members' Support Funding: The parties are allocated $34,200 per list MP and $55,000 per constituency MP. This is to cover the cost of operating out-of-Parliament electorate offices, printing, postage from Parliament, advertising, and technology purchases. In 2001/02, the parties were paid a total of $2.2 million for this category.\(^\text{13}\)

<table>
<thead>
<tr>
<th>Party</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Party</td>
<td>$4,950,000</td>
</tr>
<tr>
<td>National Party</td>
<td>$4,801,000</td>
</tr>
<tr>
<td>Act New Zealand</td>
<td>$1,002,000</td>
</tr>
<tr>
<td>Alliance</td>
<td>$809,000</td>
</tr>
<tr>
<td>Greens</td>
<td>$800,000</td>
</tr>
<tr>
<td>New Zealand First</td>
<td>$557,000</td>
</tr>
<tr>
<td>United New Zealand</td>
<td>$130,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,049,000</strong></td>
</tr>
</tbody>
</table>


(2) Services to MPs:

In Parliament, the parties receive additional services provided by the Parliamentary Service, which in 2000/01 cost $28.2 million. 'Services to MPs' is made up of the following categories.

\(^{12}\) The 2002 review of parliamentary resourcing recommended increasing Leadership funding for parties with up to and including nine non-Executive MPs by $50,000 per party (Dineen et al., 2001).

\(^{13}\) The 2002 review of parliamentary resourcing recommended raising these amounts to $45,000 for a list MP and $65,000 for a constituency MP (Dineen et al., 2001).
Chapter Eight: State Resourcing of Parties

(2a) Secretarial Support: The largest single resource that the state confers on political parties is the provision of secretarial staff in Parliament and in MPs’ electorate offices. MPs are entitled to at least two full-time staff: an executive secretary in Parliament and one further electorate secretary for list MPs and two electorate secretaries for constituency MPs. The budget for this in 2000/01 was $13 million.\(^{14}\)

(2b) Members’ Communications: MPs and their parliamentary staff have unlimited access to free telephone services and stationery. MPs are also provided with a mobile phone. This funding is entitlement-driven (i.e. the expenditure is uncapped), which means that MPs have unlimited access to means of communication. On top of parliamentary postage privileges, MPs are also provided with a monthly stamp warrant of $85. The 2000/01 budget for ‘Members’ Communications’ was $3.3 million.

(2c) Members’ Travel: All MPs and their spouses are able to travel by air, taxi and rail within New Zealand for free. In the 2000/01 financial year, MPs spent a total of $7.7 million on travel. These resources are entitlement-driven. A full breakdown of the travel budget is no longer released, but in 1997, funding from the state allowed MPs to spend ‘an average of $85,681 on self-drive and VIP cars, $25,963 on domestic air travel, $7390 on international travel and $6901 on taxis’ (Guyon Espiner, 1998a: p.1).

(2d) Information Services: A number of useful information resources are provided within Parliament. These include the Parliamentary Library and its research services, and access to many computer communications systems and information accessories such as the internet. The budget allocation for this in 2000/01 was $4.2 million.

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\(^{14}\) Of the 2001/02 budget, $4.8 million was spent on parliamentary executive secretaries and $8.0 million on out-of-Parliament staff (Dineen et al., 2001).
Chapter Eight: State Resourcing of Parties

The Parliamentary Service also spends a further $15 million on maintaining and operating the parliamentary complex, as well as providing catering.

Table 8.3: Services to MPs (2000-2001)

<table>
<thead>
<tr>
<th>Services in Parliament</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretarial Support</td>
<td>$13,081,600</td>
</tr>
<tr>
<td>Members Communication</td>
<td>$3,296,036</td>
</tr>
<tr>
<td>Members' Travel</td>
<td>$7,710,401</td>
</tr>
<tr>
<td>Information Services</td>
<td>$4,200,594</td>
</tr>
<tr>
<td>Building &amp; Operations Management</td>
<td>$14,007,359</td>
</tr>
<tr>
<td>Catering Services</td>
<td>$755,359</td>
</tr>
<tr>
<td>Personnel &amp; Accounting Services</td>
<td>$572,237</td>
</tr>
<tr>
<td>Policy Advice</td>
<td>$194,618</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$43,818,204</strong></td>
</tr>
</tbody>
</table>


(3) MP Salaries and Allowances:

Each year the Parliamentary Service spends about $14 million on MP salaries and allowances (Parliamentary Service, 2002). Backbench MPs receive about $83,000, ministers receive about $145,000, and the prime minister earns $216,300. The allowances are widely considered generous by private sector comparison, and once factored into the total remuneration, the whole MP salary package is considerably bigger than it appears. For example, in 1999 journalist Helen Bain applied private sector calculation and rules to the salaries and produced an alternative estimation of the total salary packages: ‘The poor underpaid backbencher, listed as earning $83,000, actually earns a salary package of $201,000. Cabinet ministers, with an official salary determined by the Higher Salaries Commission of $145,000, receive a package worth $330,000.

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15 Until the end of the nineteenth century MPs did not receive a salary or travel allowance, but only £1 for each day at Parliament. According to David McLoughlin, ‘it was not till 1947 that parliament was recognised as a fulltime career and not the preserve of persons of independent means’ (McLoughlin, 13 Feb 1988: p.16).
The prime minister, listed as earning $216,300, has a salary package of $445,000' (Bain, 1999e: p.17).

(4) Resourcing of the Governing Parties:

The resources available to a party in government are especially considerable. There are four discernable categories of resources that are of potential party-political use.

(4a) Staffing and offices: Staffing entitlements are much greater for the governing parties because Ministerial Services provides MPs in the Executive with extra staff to deal with their ministerial portfolios. In 2001, Ministerial Services provided funding of $15.5 million, of which Labour Party ministers received about $12 million and Alliance ministers $3.5 million (Ministerial Services, 2001).

(4b) Publicity resources: Governments are able to undertake significant advertising campaigns. For example in a six-month period during 2000, the government allegedly spent about $6 million on pollsters and advertising agencies (NZPA, 2000a: p.2).

(4c) Government expenditure: Through government expenditure parties can reward and reinforce their support. This ranges from the 'pork-barrel' politics of spending money on developments in order to find favour from a certain constituency through to the awarding of government contracts to specific supporters.

(4d) Government appointments: Parties can reward their supporters by appointing them to positions on state agencies and enterprises. The government of the day has the ability to appoint supporters to more than 3000 positions on about 400 boards and agencies (Colin Espiner, 2003a).
The Principle Source of Income

For most parties, state resources are now their principal source of material support. Most other financial resources are relatively insignificant. As detailed in Chapter Seven, the income that the New Zealand parties derive from civil society is very small – the two major party organisations have annual incomes of about $2 million, while the smaller parliamentary parties have incomes of less than a third of this figure. In election years, income from civil society increases somewhat to fund the election campaigns but, even then, remains relatively low.

It is worth comparing the level of state funding and private funding for the individual political parties under MMP. The funding arrangements differ for every party, but the Labour Party and the Alliance provide examples of both a major, well-established party and a minor, younger party. In terms of resources from civil society, the Labour Party has more recently been the most well-funded party. In all, the extra-parliamentary Labour Party organisation appears to operate on a budget of about $2.5 million per year. Compared to this, the Parliamentary Service provides the parliamentary wing of Labour with $5 million in Party and Member Support alone. The Labour parliamentarians also receive about $12 million worth of Services to MPs, and Labour ministers currently receive nearly all of Ministerial Services’ staffing budget of over $15 million. These lucrative resources greatly overshadow the party organisation’s finances.

The Alliance case has been even more pronounced. As shown in Table 7.4, the Alliance listed its total income (for both wings of the party) in 2000 as $3,870,500. This paid for the salaries of 66 staff and operated 24 Alliance offices both inside and outside of Parliament (including ministerial offices). About 94 percent of this income ($3,620,500) was listed as coming from either the Parliamentary Service or Ministerial Services and only $250,000 was listed as coming from the extra-parliamentary organisation. Significantly, these figures also excluded ‘Non budget Parliamentary and Ministerial services provided (e.g. rent, power,
computer support, research and library services), MP travel and allowances, Parliamentary Services provided phone lines and cellphones’ (Alliance, 2000). Much of this $3,870,500 income obviously has to be spent on parliamentary and ministerial activities, but as shown later in this chapter, a lot of the funding is also used for party-political purposes, and in many cases party organisational work.

Although it varies considerably between individual parties, it is clear that the state in New Zealand provides the parties with the vast majority of their income. In terms of the numbers of staff employed by the parties the parliamentary units have consistently outstripped that of the national offices. As Chapter Seven showed, the size of the extra-parliamentary party offices have dwindled. While it is difficult to ascertain the exact number of staff employed by the party organisations, it appears that Labour employ about 9 staff; National, 7; Act, 2; and the Green Party, 2. In strong contrast to European party systems, the overwhelming majority of party staff in New Zealand are now paid for by the state. In Europe, Mair reports that despite the great increases in state subsidies it is ‘still only in a minority of countries... that the overall numbers employed in the

<table>
<thead>
<tr>
<th>Resource</th>
<th>Budget</th>
<th>Offices</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders’ Funding</td>
<td>$229,000</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Party Group Funding</td>
<td>$200,000</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Members’ funding</td>
<td>$741,500</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Secretarial funding</td>
<td>$150,000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Ministerial funding</td>
<td>$2,200,000</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$3,620,500</strong></td>
<td><strong>23</strong></td>
<td><strong>63</strong></td>
</tr>
<tr>
<td>Party Organisation</td>
<td>$250,000</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$3,870,500</strong></td>
<td><strong>24</strong></td>
<td><strong>66</strong></td>
</tr>
</tbody>
</table>

Source: Alliance (2000). Note: these figures do not include money paid for those taxpayer-funded items that are not paid out the parties’ budgets, such as rent, power, computer support, research and library services, MP travel and allowances, phone lines and cellphones (Alliance, 2000).

16 This compares very highly against other state-funded party systems. The following figures are the percentages that the state subsidies make up of total party income for various countries in 1989: Sweden, 47 percent; Germany, 74 percent; Norway, 45 percent; Italy, 39 percent; Austria, 25 percent; and Finland, 84 percent (Pierre et al., 2000: p.14). However some caution needs to be applied in making direct comparisons with these figures as they deal with direct funding regimes, unlike New Zealand’s indirect scheme.
parties' parliamentary offices now exceed those employed in the central [head] offices' (Mair, 1994: p.9). This difference between New Zealand and Europe shows that even in its undeveloped and 'indirect' form, the state-funding arrangements for New Zealand parties is particularly advanced.

**Part Two: Party-Political Use of Parliamentary Resources**

Most of the resources conferred by the state are not actually provided to political parties per se, but either to individual MPs or party leaders. These resources are officially intended for the non-party purpose of carrying out the official functions of an MP. Yet, as this section shows, they are used to conduct activities that are to all intents and purposes party-political tasks, including basic electioneering. After all, with opinion poll results frequently in the media, election work now tends to be undertaken throughout the whole parliamentary term. Hence, while election-related work has historically been considered and classified as an extra-parliamentary function, it is now the main activity that occurs within Parliament. Even the RCES recognised that the resources of an MP are ultimately used by their parties:

> While these entitlements are provided to the MPs themselves as aids to the fulfilment of their parliamentary functions, they are available throughout the year and are of considerable value to the political parties for campaigning and other purposes (RCES, 1986: p.210).

This section looks at each category of parliamentary funding outlined in Part One, examining how it is used and converted into party political resources. It is important to realise that these categories are somewhat artificial in that they are based on official funding streams, whereas the parties often combine them for various purchases. This means the funding is not entirely used in the way that this categorisation might suggest.
(1) Party and Member Support

Elected parties have parliamentary and electorate offices that are well-funded by the budget of 'Party and Member Support'. Below is an explanation of how the component resources are used for political purposes.

(1a) Leaders’ Funding:

The $5.4 million paid annually to the parties to run their leaders’ offices is a resource that can be used very flexibly for all sorts of political projects. As an example, party websites are built and maintained from within Parliament. Mark Stonyer of Peter Dunne’s United New Zealand parliamentary office has explained how his office was able to use Leaders’ Funding to set up the party’s website, which has been an important part of United’s membership recruitment:

Probably most new members have come via the internet. We have an internet page for United that has an enquiries page on it. Because it is funded through our public allowance – from our Leaders fund – this pays for our internet site maintenance. So you can’t mention membership or donations. So it just says ‘Enquiries’ and if you want to know more you just fill out this, and it comes to here basically. And from there they get the ‘Positions’ statement… From there that is where the membership comes in from. And people will ring, contact us, and write. And they just flow in that way. We don’t actually have a huge organisation out there gathering in membership (Stonyer, 1999).

A number of other political party and MP websites have also been created and maintained with the aid of Parliamentary Service funding (New Zealand Infotech Weekly, 2001). Act freely admit to developing their party website with parliamentary resources and employing an electorate agent to spend 16 hours a week maintaining the site (Prebble, 2003). The Leaders’ Funding can be used for purchasing other political technology. For instance in 1993 Mike Moore used his Leaders’ Funding to install a broadcast studio in his Christchurch home so he could better participate in talkback radio (McGregor, 1996c: p.82).

The Leaders’ Funding appears to be used mainly to employ staff. The staff resources of the opposition parties have increased dramatically in recent
decades. In contrast with the modern opposition offices, in the late 1960s 'Labour's leader Norman Kirk relied upon the support of a messenger, typist and personal private secretary' and it was not until 1974 that an opposition leader was able to employ a press secretary (Klinkum, 1998a: p.407). However, by the early 1980s, the Leader of the Opposition had six support staff, and by 1990, there were nine, with a budget of over $700,000.\footnote{See: Klinkum (1998a: p.408), and Vowles (2002b: p.423). How these resources are used for political purposes, can be seen from the way in which Ruth Richardson, as opposition finance spokesperson, was given 'improved resources, including secondment of a Treasury official to her office' which she used to 'set about constructing an alternative economic vision which would surpass [Roger] Douglas's for ideological purity' (Kelsey, 1995: p.40).} Opposition resources then multiplied over the next two decades, particularly following the publication of the Parliamentary Service-commissioned 'Hunn-Lang Report' in 1990. This review of the requirements of the opposition parties found that although the prime minister's office employed a number of specialists there was no equivalent for the Leader of the Opposition to use for policy formulation. The Hunn-Lang Report identified this as an area of support necessary for the formulation and dissemination of policies by the opposition (O'Sullivan, 1999). The report recommended the appointment of six additional media positions as well as 'a sum of NZ$100,000 per annum to buy in computerised information services and to commission work from the private sector' (Klinkum, 1998a: p.408).

Generally, the leaders' staff are engaged in marketing their political parties, and although this activity is normally done surreptitiously, there was one example in 2000 where the Act party advertised to employ someone at Parliament specifically to 'market Act's policies'. Commenting on this advertisement, the General Manager of the Parliamentary Service, John O'Sullivan, suggested that all parties already hired staff to carry out similar functions, with the difference being that 'other parties use such titles as "communications coordinator" for similar positions' (McLoughlin, 2000b: p.3). Yet it is obvious that a person occupying an 'advertising/marketing' position for a party in Parliament is carrying out party-political work. Much of the resources provided to parties are given on
the basis that they are for *developing* party policies, yet it is clearly spent on *selling* their policies. Grant Klinkum has pointed out how prior to the 1990 election Jim Bolger blatantly used his Opposition Office budget for selling rather than developing policies (Klinkum, 1998a: p.409). This shift towards political-oriented staff has been recognised by Claire Guyan, particularly in terms of press secretaries:

The role of the parliamentary press secretary has changed dramatically over the years. Until 1984 they were strictly public servants drawn from the Tourism and Publicity Department. That system changed under the fourth Labour Government which in 1984 began hand-picking press secretaries and employing them under contract. The role became more political as ministers looked for sympathetic press secretaries to manage their media profile. It was the birth of the 'spin doctor' (Guyan, 1997: p.11).

(1b) Party Group Funding:

One of the most useful resources available to the political parties is the parliamentary research units, which altogether employ about 30 staff in Parliament and are paid for by Party Group Funding. The units were set up in 1970 in line with the recommendation of the Royal Commission on Salaries and Allowances. Crucially the units were established 'under the direct control of their respective parliamentary leaderships' which makes them answerable to no-one outside the party and thus likely to tend towards involvement in party-political work (Klinkum, 1998b: p.420). Originally, each of Labour and National's units had a director, two researchers, and two support staff, but within three years the units had expanded to employ ten full-time staff each, and in 1978 Social Credit was also granted a researcher (Klinkum, 1998a: p.108, 109; 1998b: 421). In 1993, and then again in 1994, both the National and Labour units were given an additional staff member – taking them to 12 staffers per unit (Klinkum, 1998b: p.421). After 1996, New Zealand First had three full-time researchers and a director, the Alliance three full-time researchers, Act one full-time and one part-time researcher and the United Party one full-time researcher (Klinkum, 1998b: p.421).
The research units were originally established for supporting MPs with their parliamentary work, but their prime role appears not to be research, but the marketing of their political parties. Essentially they are state-funded party propaganda units. In his study of the units, Klinkum found that 'There are a range of overtly political functions in which research units engage', and 'the work is mainly of a blatantly political nature' (Klinkum, 1998a: pp.230, 215). The research units have performed valuable functions for their MPs, but often focus more on putting out information to the public than simply researching information for their MPs. For example, Klinkum found that 'Generic material specifically produced for newsletters was heavily political and often worked up to a point where the Member needed only to put their name over it' (ibid: p.185). Hine (1995) also found that during the 1980s the National and Labour research units had been diverting their resources into party organisational work, and in particular into the publication of political broadsheets – National's research unit put out Notes from the Hill, and Labour's published The Month That Was (NZPA, 1989b). Since the 1990s, many other partisan publications have been produced from Parliament. For example, the official email newsletter of the Young Nationals, The New Write, is produced from National's research unit. Likewise, during the time the party was in Parliament, the Alliance offices produced the Alliance Activist which was compiled and printed using parliamentary resources, but posted to party members using party money (O'Sullivan, 2001: pp.4-5). Similarly, the Act party parliamentary office produces Richard Prebble's Letter from Wellington, which is emailed out to 30,000 voters, and reads like a party political broadcast. The Greens' parliamentary office also publishes email newsletters – such as Justpeace, which is put together by both party activists and parliamentary staff.

Part of the research work of the units sometimes even includes writing or researching books for MPs. For example, 'It is believed that Karin Beatson in the National Research Unit helped Muldoon to write a book on the New Zealand economy. Mike Moore would request everything the Labour unit had on a subject such as value added exports and produce a book based on that material'
When he was a Labour MP, Richard Prebble, 'arranged for the Labour unit to ask questions in the House which elicited material which Roger Douglas then used in his book "Unfinished Business" (ibid: p.166). 18

Staff in the research units also undertake many organisational tasks that would, in most countries, be performed by the extra-parliamentary head office:

Another example of assistance to the party is at candidates' conferences prior to elections. There is also evidence of direct support of party electorate committees obtaining occasional support from research units. There has been a steady stream of material from the research unit to National Party headquarters and to the divisions over the years. While employed by the research unit Simon Walker helped organise the Labour Party annual conference (Klinkum, 1998a: p.146). 19

The units also carry out opinion polling. Because the Labour Party's extra-parliamentary organisation has generally lacked the funds to undertake such work, the task has nearly always fallen on the research unit, which pioneered polling work in 1977. 20

By 1999, the Labour Party's polling was still carried out

18 Research unit staff have even been known to intervene directly in the political arena as part of their job, such as impersonating the public on talkback radio: 'A fairly unusual type of assistance provided to Members involved a Labour researcher ringing talkback shows with "patsy" questions while the Member was being interviewed' (Klinkum, 1998a: p.132).

19 According to Nick Venter, 'Over the past three decades, election-related support has included using research unit staff to train volunteers in electorates for party polling work, coordinating some national-level polling work, and providing a range of advisory and information support services to candidates who are not sitting members' (Venter, 1999b: p.2).

20 According to Klinkum, 'Considerable time was spent by the Labour Research Unit from 1977 on polling work. Leaving aside 1987 when the Labour Party was awash with corporate contributions, the party has typically had very little funding for polling' (Klinkum, 1998a: p.195). Klinkum has outlined how 'The national polling which occurred in 1984 was coordinated by the research unit and carried out by volunteers using telephones in Members' offices' (ibid: p.196). The polling work of the research units has been well-utilised in making political decisions: 'One example of overtly political polling was polling undertaken to help [the Fourth Labour Government] cabinet determine whether Koro Wetere as Minister of Maori Affairs should resign over the Maori Loans Affair.... Another example involved a director of the Labour unit going to Christchurch to coordinate a random sample telephone poll to determine whether sitting Avon Member, Mary Batchelor was popular in the context of a challenge being mounted by a trade unionist on the candidacy for the seat. The parliamentary party leadership approved the trip and results of the polling were taken to caucus and used to make a particular argument' (ibid: p.197).
from within Parliament (Allen, 1999). Likewise, most other parties carry out opinion polling from within Parliament. For example, Mark Stonyer has outlined the United New Zealand's occasional use of polling: 'We have done a bit of polling nationally for our own sake from the parliamentary unit here. We polled a thousand people over the whole country with a health survey' (Stonyer, 18 May 1999).

Since the late 1980s the research units have become more involved in election work. Not surprisingly, the parties have always sought to conceal their inappropriate use of the units, and Klinkum found that researchers 'would generally seek to link activities such as travel and any type of project which might arouse suspicion, to an MP to give the activity legitimacy' (Klinkum, 1998a: p.218). Control of the units has often suggested a strong extra-parliamentary influence. Certainly in the past, National's research unit has been controlled by the party whips together with the party organisation's General Director who 'considered the director of the National Research Unit to be an employee and as such would meet with [him] on virtually a daily basis, and would expect the director to do party work where necessary' (ibid: pp.144-145). According to Klinkum, in no sense did the General Director 'view the unit as being independent of the party, financially, philosophically or administratively' (ibid: p.145). Many of those who have worked in the units agree that the nature of the work is better described as propaganda rather than research:

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22 It is also apparent that the research units do not generally carry out the ordinary servicing of MPs. Klinkum found 'there is little evidence that the backbench Member has ever really been the main recipient of research unit support in New Zealand' (Klinkum, 1998a: p.128). As an example of this, a 1992 memorandum from the National Research Unit decreed that individual Members warranted sixth and last attention of the unit, well behind that of the party organisation (ibid: p.129). This level of service to backbenchers is reflected in the dissatisfaction of MPs with the research units: 'According to one National Member there is "simply no way" that a backbencher receives the $20,000 of research support which is nominally tagged to each Member but is paid to the research unit' (ibid: p.222). A Parliamentary Service survey of all MPs in 1995-96 also found that 'only 54% of Members felt that they received adequate service in respect of quantity from their research units' (ibid: p.224).
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The director of the National unit in 1996 said that unit work is not about research at all, although the term research is a handy label, but rather about telling the public what the government has achieved. This emphasis is reflected in the structure of the staffing within that unit: of eleven staff, only six are researchers while five are in secretarial and publications work. There is full-time work for at least one desk top publisher. All this underlines the point that the propaganda rather than in-depth research on policy issues is at the heart of research unit work (ibid: p.208).

(1c) Members’ Support Funding:

Members’ Support Funding (otherwise known as ‘out-of-Parliament funding’) was introduced in 1984 to provide resources for MPs to operate their electorate offices (Henderson and Bellamy, 2002: p.106). As part of this role, MPs could use the funds to advertise their services to constituents. The Parliamentary Service lists acceptable promotional purchases as: ‘Advertising in newspapers or other publications; Fliers and newsletters; Signage; Entries in public telephone directories; Material intended for public distribution (without charge) such as business cards, fridge magnets, pens etc; Radio and T.V. advertising; Websites’ (Parliamentary Service, 31 Oct 2001: p.8). Therefore all the parties frequently use parliamentary budgets for printing and distributing leaflets. A recent example involved Labour distributing tens of thousands of free postcards promoting the party’s new youth website (Taylor, 2003d). In 2003 the National Party also used $7000 of its parliamentary budget to print 205,000 leaflets to distribute to Labour-held and marginal National seats around the country asking the public for feedback on policy issues (Taylor, 2003b). Such leaflets used a ‘push-polling’ technique, whereby questions are asked of voters, but the questions are in themselves the messages designed to devalue political opponents.

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23 Klinkum has also questioned the appropriateness of allowing the units to carry out electoral tasks: ‘is it appropriate that research unit staff have undertaken polling work in electorates, travelled to electorates for marginal seat support work, assisted in drawing up party platforms, serviced joint parliamentary party/extra-parliamentary party campaign committees and supported candidates who are not sitting members? (Klinkum, 1998b: p.427).

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Traditionally these budgets have also been used by MPs to fund ‘small advertisements in local newspapers to promote their constituency services’ (McLoughlin, 2003c). More recently the boundaries of permitted advertising use have been stretched. For example in 2003, United Future bought about $80,000 worth of full-page colour advertisements in daily newspapers ‘to report on how it says it has made MMP work since the last election’ (McLoughlin, ibid). The permitted use of parliamentary budgets was also stretched in 2003 by National and New Zealand First when they purchased about 50 high-visibility outdoor advertising billboards. The billboards featured pictures of their respective leaders, Bill English and Winston Peters, with campaigning slogans, and were estimated to cost about $180,000 (Milne, 2003b). Similarly, the Green Party used parliamentary funding to manufacture hundreds of ‘No War, Just Peace’ placards during protests against the war in Iraq (NZPA, 2003).

The Green Party has also made effective use of its out-of-Parliament staffing allocations, rejecting standard constituency work in favour of organising Green Party political campaigns. For instance, in 2002 the party employed a ‘cannabis law reform co-ordinator’ from its out-of-Parliament budget. A Green spokesperson described the job as ‘promoting or co-ordinating and researching work’ on drug law reform (quoted in NZPA, 31 Oct 2002). The party said it was also looking to employ ‘up to six other policy co-ordinators including in the areas of safe food, ground-based pest control, sustainable agriculture, and social and economic justice’ (NZPA, 2002j). Despite such work centring on policy and research instead of constituents, the Parliamentary Service said that the position was ‘a sensible use of the money because the party was an issues-based party of list MPs rather than constituency MPs’ (ibid).

It seems that today, more than ever before, the role played by all MPs in the community is party-political, and all the taxpayer-funded resources associated with their role are being directed to such ends. Therefore, regional party organisers (previously paid for by the party organisation) have been replaced by
Electorate Agents (paid for by the Parliamentary Service), and the electorate offices are now de facto regional party headquarters. This was an issue noted by National Party stalwart John Jensen in a 1999 newspaper article:

Have you recently visited your local Alliance office? The Green Party headquarters? How about the Act office in your electorate? Or a meeting place for New Zealand First? How many New Zealand First party activists do you know in your suburb? The contact for Act in the Hamilton phone book is the electorate office maintained by the taxpayers for list MP Ken Shirley in Tauranga. And so it goes on. The minor parties run on a shoestring, with much – if not most – of their activity operated out of the offices of their MPs (Jensen, 21 Jan 1999).

It is an open secret in Parliament that these taxpayer-funded electorate offices operate as party offices geared to organising the party locally, and working for either the re-election of their MP or an increase in the local party vote. At the most obvious level this can be seen in the offices being painted and branded as party offices, complete with party colours and logos. An extension of this is the ‘mobile electorate-office’ – which has become popular in recent years. Richard Prebble, in Wellington Central, embraced this thoroughly with the use of a number of vehicles including the purchase from Japan of a custom-made electoral truck, which could be used as an electoral office for appointments in residential areas or as a platform for public speeches and general campaigning.

(2) Services to MPs

(2a) Secretarial Support:

Of the approximately 1200 staff who work in Parliament and electorate offices, about 307 fulltime equivalents provide secretarial support for MPs (although there are even more staff in ministerial offices). This substantial staffing resource is a recent phenomenon. Amongst the reforms of the Fourth Labour Government,

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25 According to Vowles, ‘Funding for offices outside of Parliament is given on the basis of service to constituents, but obviously provides organisational infrastructure that will inevitably be used for party political purposes’ (2002b: p.424).
Geoffrey Palmer increased the staffing entitlements of MPs. Whereas once there was one secretary to two MPs, this was increased in the 1980s to one each. Out in the electorate, MPs had no budget to hire electorate secretaries and therefore 'the spouses of MPs were often forced to become unpaid electorate secretaries who had to sort out the day-to-day problems of constituents' (McLoughlin 1992a: p.138).

Even MPs' parliamentary executive secretaries are often involved in highly political work. According to one former director of the National Party's research unit, 'one third of the executive assistants are involved in writing speeches and preparing press statements' (Klinkum, 1998a: p.343). However, it is the electorate staff who are often more heavily politicised.

The Act party, in particular, has made good use of out-of-Parliament staff for organising and marketing itself. A minor scandal in 2003 over Act's electorate office funding revealed that its parliamentary researchers and press secretaries often work on split contracts, being paid to do most of their work as out-of-Parliament support staff. For example, under this arrangement, Act's head of research, ex-Cabinet Minister Peter McCardle, was supposed to be an electorate agent for 32 hours a week — ostensibly working out of Richard Prebble's Pipitea St house in Wellington — and also a researcher working in Parliament for only eight hours a week. Act's out-of-Parliament funding of about $400,000 per annum was supposed to be used by its MPs to service the electorate, yet media reports suggested this money was really paying for political research and marketing. Outside Parliament, the MPs' offices and their electorate agents are supposed to work not as party members, but to help constituents with whatever local problems or issues they have — much like a high-powered Citizens' Advice Bureau. This arrangement is good for the public but, as Act figured out, it is not an effective vote-winning use of state funding, and the party was better off using that money for more political tasks, as it does in Parliament.
The problem for all the parties is that these budgets are officially ring-fenced for helping constituents. However, as Act Chief of staff Christopher Milne admitted, "We looked at the strait-jacket and said, "Right, how can we use it to our best advantage?"" (quoted in Young, 6 Mar 2003). Their answer appeared to have been to set up sham offices in both Wellington and Auckland and have Act's 'electorate agents' actually based in Parliament in Wellington or on the same premises as the Act head office in Auckland. There they work as researchers, marketers and party organisers. The electorate agent scheme is thus a substantial state subsidy for the party organisation. Act effectively turned its various state funding entitlements into one large fund from which the party could spend as it liked. This 'bulk funding by stealth' essentially removes the previous restrictions that were intended to stop the money being spent on blatantly party-political activity.26

(2b) Members' Communication

Communication technology is especially useful for MPs and parliamentary staff to promote and organise their parties. For example, when in Parliament, Alliance staff used Parliament's teleconferencing facilities for party purposes without even involving any MPs (O'Sullivan, 2001: pp.5-6). The party was also caught out in 1998 for supplying parliamentary phone cards to party activists (NZPA, 21 Nov 1998). Other parties also use the resources for such purposes.

Postal privileges are commonly used for political purposes, and there are plenty of cases of parties using the parliamentary frank to send out party material. One example was Act leader Richard Prebble's use of parliamentary letterhead and free postage to write to booksellers asking them to help promote his book, I've

26 Previously, Act had been quick to highlight the misuse of resources by other politicians as a way of pushing its perk-busting image. Prebble even criticised the Alliance in 2001 for manipulating its parliamentary resources, saying, "It's part of Alliance philosophy - they have great difficulty distinguishing between public money and their own" (quoted in Milne, 2001c). However, it now seems that Act has a similar difficulty. This episode showed that Act, too, valued the lucrative state funding to subsidise its campaigning.
According to a newspaper report, the General Manager of the Parliamentary Service, John O’Sullivan, said 'in general MPs were permitted to use the service to inform the public on policy issues of the day' (Colin Espiner, 1999: p.9). Another example concerns a mail out from Helen Clark’s office in 1994, encouraging the public to attend a Labour Party conference (Rapson, 1994). This use of parliamentary postage epitomises how such resources potentially replace party activist labour. The decline in party membership and activism has obviously impacted severely on the ability of parties to deliver their propaganda. According to ex-Cabinet Minister Simon Upton in the 1980s the parties in Parliament began to rely heavily on Parliamentary Services funded delivery of propaganda – with MPs bombarding ‘constituents with “personalised” communications, offering assistance and proffering carefully sanitised party-political information – all at taxpayers’ expense’ (Upton, 1987: p.110).

(3) MP Salaries and Allowances

Although, strictly speaking, the remuneration of MPs is for personal purposes, parts of these resources are undoubtedly redirected into party-political use. MPs are often expected to pay a substantial proportion of their parliamentary salary into party coffers. For example, Alliance, Green and New Zealand First MPs are expected to pay a portion from their salary to the extra-parliamentary party organisation.27 Parliamentary allowances also involve significant amounts of money – for example, the commercial accommodation night allowance pays up to $160 per night for accommodation when the MP is away from home ($180 per night in Auckland).

These resources are widely used in elections and by-elections. For instance, in the Taranaki-King Country by-election of 1998, Brent Edwards reported that...

27 As explained in Chapter Seven, the Alliance and the Green Party expect MPs to contribute about nine percent of their salary, and New Zealand First levies its MPs at the lower rate of five percent. This money helps operate the extra-parliamentary party and fund general election campaigns.
parties were ‘spending thousands of dollars of taxpayer money to run their by-election campaigns’ mainly by sending their MPs to the electorate to campaign. These MPs’ travel, accommodation, expenses and salary were paid for by the state (Edwards, 1998a). Because such costs are not included in the $40,000 limit on expenditure, Edwards noted that ‘in effect, it allows parliamentary parties to spend thousands of dollars more on campaigning than those parties not represented in Parliament’ (ibid). Chief Electoral Officer Phil Whelan said that ‘spending taxpayer money on flying MPs in and out of the electorate was a “grey area” and could be challenged if anyone made a formal complaint about the issue’ (ibid). Christian Heritage Party leader Graham Capill complained that these resources meant the parliamentary parties had ‘every advantage that a minor party like ours does not’ (quoted in Edwards, ibid).

Very seldom is the use of these resources reported in the media or taken up by the funding bodies that provide them. However, the issue of unlawful use of parliamentary resources for electoral purposes arose during a Serious Fraud Office investigation of list MP Donna Awatere Huata in 2001. She spent 35 days during the 1999 election campaign in the Auckland Central electorate, for which she was the Act candidate, and claimed the parliamentary away-from-parliament allowance. She denied that she was in the electorate on party business (despite it occurring during the election campaign), and the Serious Fraud Office decided not to prosecute (Young, 2001b).

(4) Resourcing of the Governing Parties

(4a) Staffing and offices

A number of the staff that work for ministers are not public service employees but, according to Richard Shaw, political appointees who are engaged in partisan activity on behalf of their minister:
ministers employ private staff who provide an alternative source of advice, and whose particular task it is to offer explicitly political, or partisan, advice. (Contract staff are also likely to be responsible for what is sometimes referred to as 'political risk management' (or 'spinning'), something that is certainly not a core public service function (Shaw, 2001: p.153).

The provision for this type of resourcing increased under Muldoon, when he set up both his own Prime Minister's Department and, more importantly, a small advisory group (of ten to twelve members) of experts seconded for approximately two-year terms from both the private and public sectors (Henderson, 2001: p.111).28 The private office of the prime minister then went from having ten staff when David Lange became prime minister, to about 20, and then to 27 under Geoffrey Palmer.29 Staff numbers continued to increase, and according to Sarah Catherall, when Jenny Shipley was prime minister she 'set a record for having the biggest crew of communication staff and media advisers yet hired by a prime minister' (Catherall, 1 Nov 1998: p.A7). In her media team alone, Shipley had eight staff, compared to her predecessor's communications team of three.30 At the same time, Shipley also had about 15 policy advisers (Henderson, 2001: p.112).

The number of (non-seconded) staff in ministerial offices has also increased dramatically. Between 1989 and 1997, their number rose from 45 to 145. According to Shaw, the cost of employing these private staff had nearly tripled, reaching $7.4 million, or $57,000 per employee (Shaw, 2001: p.153). After the election of the Labour-Alliance Government, ministerial staff numbers again increased further – from 198 to 220 (Peters, 12 Jul 2000: p.2). In 2002, there were 224 staff, made up of 47 Alliance ministerial staff and 177 Labour ministerial staff. After the 2002 general election, the staff numbers rose to 232, and the government was also accused of trying to hide the true cost of staff

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28 The advisory group of public and private-sector secondments plays a significant role in filtering which major policy decisions should be considered by the Cabinet (Bingham, 18 Mar 2000).


working in ministerial offices by using more staff on secondment from departments (TV One News, 2002b).

At the most obvious end of the spectrum, the staff in ministers' offices are used for ongoing party campaigning rather than simply for the ministerial functions that they are supposedly employed and paid for by the state to undertake. Yet the use of ministerial staff in campaigning has only a recent history. This is in contrast to the observations of David S North who, writing in 1954, noted the limited use of civil servants by government ministers in the general election of that year:

Contrary to the American practice, the National Party had to rely completely on its volunteer and paid workers in the campaign; they could not expect any assistance from the patronage employees who are such an important asset in America to the party in power. However, Ministers do have private secretaries, and the campaigns of Cabinet members must have been aided by their government staffs. The very slight incidence of civil servants working on the campaign on government time can be shown by a story in Standard of October 27, 1954. The Labour organ was furious because two members of the Prime Minister's department were travelling with him on the campaign tour, and one of them hand-delivered a news release to one of the Christchurch newspapers, surely a rather minor offence. A little later in the campaign Standard charged that members of the Government Publicity Department were writing political news releases, a statement that was vigorously denied (North, 1954: pp.51-52).

While this was noteworthy in the 1950s, such election work is completely commonplace today.

(4b) Publicity resources

Through undertaking publicity campaigns that promote new government programmes, the party in government can promote its policy or management of an issue. Although such propaganda is officially intended to benefit citizens, 'there is frequently little to distinguish this task from that of conducting propaganda intended to help the re-election of the governing party' (Pinto-
Duschinsky, 15 Sep 1998). This trend has become especially well-utilised since 1987 when the Fourth Labour Government spent millions of dollars selling government initiatives to the public. According to David Denemark, a series of ‘unpaid ads’ disguised as government public service messages ‘carried decidedly pro-Labour messages on taxes, job training schemes and crime’ (Denemark, 1992: p.177). The Fourth Labour Government became the most heavily marketed government in New Zealand’s history. This led the National Party to claim that in the 1987 general election it had been outspent by 10 to 1. Between 1987 and 1990 the Fourth Labour Government is said to have spent $114 million on advertising (Hope, 2001: p.314). Unsurprisingly, when National came into government in the early 1990s, it too took advantage of this promotional opportunity. The public clearly regard such government spending as party-political. According to an NBR-Consultus Insight poll on the health

32 Political scientist Joe Atkinson criticised the tax-funded advertising campaign, as it was ‘never merely informative’ (Atkinson, 1989: pp.100-101). According to a newspaper report, the Auditor-General agreed: ‘Auditor-General Brian Tyler investigated the [tax changes] campaign, and criticised it for not meeting standards of objectivity and balance. He questioned whether the amount of money spent on the campaign was justified, and said the tone, content and presentation was designed to enhance the Government rather than explain the tax changes’ (Evening Post, 1989).

33 National MP Simon Upton expressed his disapproval at the time: ‘Perhaps the most disquieting development of recent years has been the increasing attempts of politicians to use the enormous resources of the state to publicise party-political programmes in the media.... At first it was just cabinet ministers appearing in advertisements for state-controlled products and glossy booklets produced by the Government Printer. Now it is the widespread use of public relations consultancies, press secretaries and other experts to co-ordinate the government’s media relations and public image. All this has nothing to do with the proper business of government’ (Upton 1987: p.110).

34 Atkinson has reported that, ‘According to figures supplied by the then Minister of Tourism and Publicity, the Hon. Jonathon Hunt, the New Zealand Government spent $30 million on public relations and advertising campaigns between late 1987 and July 1989’ (Atkinson, 1989: p.101). After that, according to Harris, the Labour Government spent $66 million on advertising and PR in its second term (Harris, 1993d: p.14).

35 McLoughlin reported in 1993 that ‘National has been spending millions of dollars of taxpayers’ money on television about neighbourhood police, skills training, the health reforms and other issues its opinion polling has shown swinging voters are worried about. The strategy has worked’ (McLoughlin, 1993b: p.45). For example, the National Government spent nearly $2 million on advertising for a promotional campaign about ACC reform, and a further $2.87 million on a health reform campaign (Campbell, 1996c: p.7; Atkinson, 1993c: p.93).
reforms campaign, '75% of respondents regarded the campaign as a "waste of taxpayers' money, aimed at helping National win the election' (Harris, 1993d: p.14). Furthermore, not only did National renege on its pledge to set up an independent watchdog but the party also refused 'to answer parliamentary questions on government advertising and PR spending' (ibid). Adding to this propaganda output, the National Government also constructed a prime ministerial communications unit, which was otherwise known as 'the good-news machine'. Another trend is for the parties in government to hire public relations firms to handle publicity for the government. For example, in 1991 the National Government paid the PR firm Logos $384,000 to handle the publicity for the release of its annual budget (Johns, 1991).

(4c) Government expenditure

It is often accepted within politics that the governing parties are entitled to what has traditionally been known as the 'spoils of office'. In particular, they are able to provide public employment and business contracts to political supporters, including those who have contributed financial resources to the party. The fact that parties are in control of the levers of the state also means that they are sometimes able to transfer some resources from the state to themselves when in government. As Martin Linton has pointed out, 'While in theory the finances of the party and the government are kept in watertight compartments, in practice there are a number of grey areas where a governing party can transfer money from one pocket to another' (Linton, 1994: p.2). There have also been occasions when governing parties have been accused of using their privileged access to taxpayers' funds to grant public contracts to party donors. Bob Harvey has alleged that the National Party's advertising agency for the 1975 general election, Colenso, was rewarded with government accounts as a result of helping National win the election (Harvey, 1992a: p.106). A similar claim was made in the late 1980s about the Labour Party in relation to its 1987 advertising agency, which was also Colenso. It was alleged that the agency had wiped the party's debts
from its 1987 election campaign in exchange for the awarding of lucrative government contracts for advertising campaigns. Likewise, in 1999 allegations were directed at the National Government, suggesting that the advertising agency Saatchi and Saatchi had offered to undertake the party's campaign at a greatly discounted rate if the government awarded Saatchi and Saatchi a particular contract.

Many other allegations exist of parties using their position in government to return financial favours to party donors. For example, the Fourth Labour Government established the Union Incentives Scheme, through which over $1 million was distributed to various unions. Again, in 2001 the Labour-Alliance government gave more than $700,000 to unions from the Employment Relations Education fund, which National MP Murray McCully claimed was a front for generous government donations to the union movement (NZPA, 2001a: p.2). Other favours can also be distributed. For example, Lipson contended that 'the sale of honours' was practised in New Zealand during the 1920s (Lipson, 1948: p.247). Again, in the 1980s and 1990s there appeared to be a correspondence between the awarding of honours and the donors to the party in government.

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36 The NZ Herald reported that 'The Prime Minister, Mr Geoffrey Palmer, last night confirmed that the Labour Party's national executive had discussed the awarding of Government contracts to its former advertising agency Colenso as a way of paying off the Labour Party's campaign debts' (NZ Herald, 30 April 1990). There is some uncertainty of the exact details of the trade-off, but 'the chief executive of Colenso confirmed that the party's campaign debt had been paid after it came to an arrangement with the agency over settlement..... Mr MacDonnell acknowledged that Colenso did not receive the full $500,000 it was owed, but would not disclose what the final figure was that the Labour Party settled' (NZ Herald, 30 April 1990 - cited in Williamson, 1999). See also: Collins (1990: p.3), (Frontline, 1989).

37 See: Bain (1999). One successful advertising contractor has confirmed that contracts have been negotiated on the basis of relationships between politicians and agencies. Grant Common of Network Communications was reported as saying that contracts are 'based on who you knew and on top-down political influences' (quoted in Harris, 1993d: p.14). Similarly, the NBR reported that advertising agencies that they spoke to admitted that despite preferring not to take on political campaigns, they 'took the accounts in the hope of reeling in the favours down the track' (Harris and Brettkelly, 1993: p.1993).

38 It was revealed in Parliament that the Government gave 'grants to 24 unions totalling $1,087,005.45, mostly for computer equipment' (NZPA, 1990).
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Among those major donors on Fourth Labour Government's honours lists were Sir Ron Trotter, Sir Robert Jones, Sir Ron Brierley, and Sir Michael Fay. Some of the Labour Party’s 1987 donors also did very well out of the Labour Party’s subsequent $14 billion dollar privatisation programme. The series of sell-offs provided a further opportunity for Labour in government to provide payoffs or favours to businesses friendly to the party:

Among those in the queue were many who had bank-rolled Labour’s return to office. Some of them were already asserting their influence on the boards of SOEs even before the move to sell prime public assets. So who got what? Allan Hawkins for Equiticorp got New Zealand Steel, Sir Ron Trotter for Fletcher Challenge picked up the Rural Bank and Petrocorp, Sir Ron Brierley got ‘our Airline’ Air New Zealand and badly wanted the BNZ. The BNZ instead went to merchant-bankers Fay-Richwhite. And as consultants in the sales process, firms like Fay-Richwhite and Jardins – firms with ex-Treasury officials on their staff – earned millions of dollars from the public purse (Frontline, 29 April 1989).

(4d) Government appointments

It is apparent that, when in government, parties use the resources of the state to reward their party supporters – or disarm their enemies – through appointments to state positions and other similar forms of patronage. New Zealand has traditionally had a large number of advisory boards, state-owned enterprises and other government agencies (or ‘quangos’) to which political parties in government can appoint their supporters. In 1973 Keith Jackson counted ‘some 2,400 patronage appointments (other than civil servants) to be made by governments’ (Jackson, 1973: p.193). Although the restructuring of the Fourth Labour Government in the 1980s reduced many of these positions, there are many examples of the Labour Party using its position in government during the 1980s to reward individuals who had been supportive of its reforms (James, 1987a: p.33). Similarly, in government the National Party was able to stock the myriad state boards with its own party members. In the mid-1990s Winston Peters issued a list of 55 people he said had been appointed to various positions ‘primarily because they are, or have been, National Party leaders and activists’ (quoted in Kilroy, 1996b: p.1). Peters suggested that in employing ‘party hacks and political cronies’ National was using state funds to pay off political debts
(ibid). Then in 2002 one newspaper counted 41 party supporters appointed to 59 senior posts in Labour's 1999-2002 term (Colin Espiner, 2003b). Similarly, in 2003 Colin Espiner 'counted 50 Labour supporters in 69 senior positions in the present term' (ibid). In his research at a similar time, ex-prime minister Geoffrey Palmer found that positions on quangos had grown to over 3000, with 900 appointments being made each year to about 400 bodies (Colin Espiner, 2003a).

According to Espiner, New Zealand governments continue to use patronage as a political resource, especially in giving party members appointments. However, one change is that the current Labour Party in government has appointed senior National Party members to senior positions. Examples include former National Party president Neville Young, former National Cabinet Minister Doug Graham, former National Prime Minister Jim Bolger, and former National electorate chairman Wira Gardiner (Colin Espiner, 2003b). Used in this way, political appointments are probably equally a political tool, as they are designed to disarm rather than empower the government's opponents. 39

Use of Parliamentary Resources in Election Campaigns

The parties clearly have access to a whole host of state-funded parliamentary resources that they can employ throughout both the parliamentary cycle and their election campaigns. As Richard Prebble acknowledged in 1997, ‘The whole system is designed by MPs to subsidise their campaigns' and make it difficult for outside parties to compete (quoted in NZPA, 1997a). He pointed out that during the 1996 campaign the incumbent National Government used state funded television advertising, but was also able to use ministerial cars, rental cars, accommodation and daily allowances in campaigning. Prebble said, 'The National Party electoral officers alone cost $455,000 in salaries and about $390,000 in expenses. The true cost of National's campaign would be over $4

39 For instance, appointing Jim Bolger to head Kiwi Bank would have made it harder for National to attack the initiative and also been embarrassing for the post-Bolger National Party leadership.
Chapter Eight: State Resourcing of Parties

million' instead of the $1.4 million claimed by National to the Electoral Commission (ibid). It is also no coincidence that parliamentary budgets are more heavily used in the lead-up to election day.40

The professionals employed within the parties in Parliament – paid for by the state – are clearly working for the re-election of their various parties throughout the parliamentary cycle. This is most blatantly the case in the run up to election day, when according to Klinkum, the state pays for staff to travel to electorates for marginal seat support work, undertake polling work for the electorates, assist in drawing up party platforms, service joint parliamentary party/extra-parliamentary party campaign committees and support candidates who are not MPs (Klinkum, 1998b: p.427).

Other researchers have drawn similar conclusions. In their study of the 1996 general election campaign, Cousins and McLeay found that incumbent MPs enjoy a substantial campaigning advantage over their challengers due to these taxpayer-funded resources:

Parliamentary incumbency clearly gave some candidates the advantage given that the Parliamentary Service Commission could provide the funds for material such as MPs' electorate newsletters, information on how to vote in the new electoral system and calendar cards.... There is no doubt whatsoever that sitting MPs left much higher paper trails than the other candidates (Cousins and McLeay, 1997: p.90).

There is no doubt that effective campaigning in parliamentary elections can be expensive, especially for candidates challenging state-funded incumbents. As an illustration of this, National's 1999 Rimutaka candidate, Stuart Roddick, estimated that running for Parliament cost 'about $30,000 in lost income and other expenses' (Peters, 1999b: p.2). He pointed out that much of this amount is not incurred by incumbents, who have access to other public resources to expend on their re-election, such as a fully-paid salary while campaigning, as well as a campaign office and paid campaign workers in the form of an electorate

40 See: Parliamentary Service (2002), and NZPA (2002m).
office and staff. Political parties with sitting MPs therefore have a huge advantage over parties that are trying to win seats or vying for the party vote.

It is in by-elections, particularly, that parties use their parliamentary resources for campaigning. The Alliance's Matt McCarten, a veteran of a number of such campaigns, argued in 2003 that only parties with parliamentary resources could afford to compete effectively in by-elections. He speculated that renegade National MP Maurice Williamson could not afford a by-election, because 'All the parties will pay for it up to the maximum [allowable spending limit]... and on top of it is all the taxpayer-paid stuff; leaders will be in there, their staff will all be in there, media staff, a campaign manager, a canvassing person, an office person, a billboard captain' (quoted in Watkins, 2003c).

As a result of the campaign resources originating in Parliament, there has undoubtedly been a shift towards the parliamentary wings running the election campaigns. Traditionally, in Labour and National, the extra-parliamentary head office of the party was the main driver of the campaigns. Even the minute detail of campaigns used to be planned by the head offices. For example, Bruce Brown commented on Labour's 1957 campaign that, 'In each case itineraries and travelling were arranged by head office, and accommodation, hall bookings and publicity by the local organisation. Head office also issued a series of speakers' notes' (Brown, March 1958: p.18). Likewise, 'Labour's national advertising, Press, screen and poster, and the preparation of policy pamphlets (as distinct from candidates' personal propaganda and the like) was the responsibility of head office' (ibid: p.19). Similarly, J E Colechin noted of the Social Credit campaign in the same election that 'Speakers at the League's election meetings were provided with two manuals issued by the Dominion headquarters' (Colechin, 1958: p.46).

More recently this has changed, as parliamentarians have gradually sought a greater role in the campaign planning. For example, in 1984 the National Party
established for the first time a campaign committee, and this comprised only one representative from the party organisation – the party president Sue Wood. The other members were ‘Jim McLay, Jim Bolger and one caucus representative’ (Levy, 1985: p.6). Certainly by 1996 control over the National Party’s campaign had shifted totally into the hands of the parliamentary leadership, with Roger Sowry nominally in charge. Jane Clifton commented that National’s ‘campaign talent was either anonymous or non-existent throughout the last election campaign, because, whatever any of those designated as campaign strategists decided should be done was overruled on the hoof by... Yes, Jim Bolger, who said and did exactly what he felt like on the day, every day’ (Clifton, 1999a: p.15). In 1987 Labour also moved the co-ordination of the campaign from their head office to Parliament, where Mike Moore took command. All of this contrasts strongly with the situation a quarter of a century earlier, when Bob Harvey’s advertising agency worked for the extra-parliamentary Labour Party and was able to ignore the wishes of the leader, Norman Kirk. According to Harvey, Kirk ‘personally ordered us to withdraw the campaign, we told him to get stuffed. We treated him as the leader of a political party, while the client for the election was the Secretary, John Wybrow, and the caucus advertising committee’ (Harvey, 1992a: p.104).

The parliamentary complex in Wellington is not only becoming the site for the quasi-headquarters of the New Zealand parties but also their media units, research units and so forth. This is a significant point because the research units and other electoral functions of the parties have historically been located in the extra-parliamentary premises and have been funded by the party organisation. Robinson, for example, gives details of the National Party headquarters’ provision of campaign material to candidates in the 1957 election:

41 In 1999 a small cabal continued to control Labour’s campaign, with Mike Williams as the Campaign manager and Dunedin North MP Pete Hodgson masterminding the strategy (Anderson, 1999: p.29). Colin James reported, ‘Labour’s strategy was devised by leader Helen Clark, consulting a small group of trusted advisers, and a campaign committee directed day-to-day activities’ (James, 2001a: p.200). See also: Vowles (2000: p.153).
Speakers received considerable assistance from the National Party Research Department which during the year had sent out numerous reference notes to members and candidates on political issues. For example, some notes gave information on the costs of Labour and Social Credit proposals, and National Party policy regarding certain issues. While some candidates would be able to go ahead without the services of the Research Department, most find it of considerable value and a great saving of time in preparing campaign speeches. Many of the notes had been prepared for members for use in the Parliamentary session, but this did not impair their usefulness later as much of the work of the session was relevant to the campaign (Robinson, 1958: p.35).

Political scientist Joe Atkinson has pointed out that by 1993 party presidents were also being excluded from involvement in the campaign:

Even party presidents find themselves increasingly on the outer, or playing a separate game. That was Margaret Wilson's experience with the fourth Labour government, and it appears to be John Collinge's lot with the present National one. The trick for the party president is to keep control of the campaign purse, which may afford them some leverage for their own agenda. Otherwise they are liable to be powerless (Atkinson, 1993b: p.122).

This point was illustrated again in the 1999 campaign when Labour Party president Bob Harvey publicly voiced discontent about the organisation of Labour's campaign, complaining that the extra-parliamentary party had become 'simply an ATM machine' (quoted in the Dominion, 1999d: p.2). As in 1996, the 1999 Labour Party campaign was co-ordinated from within leader Helen Clark's office. Also, during the modern election campaigns parliamentary staff are routinely on the strategy committees of parties as part of their parliamentary jobs.

For example, the National Party's 2002 general election campaign committee included Tim Grafton (director of strategy), Tina Symmans (communications director), Sue Foley (press secretary to Bill English) — all of whom were paid by the state, and some of whom were not even party members. Likewise, the Green Party's 2002 campaign committee included their parliamentary media

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42 Sue Foley is not a National Party member — see Watkin (2002). Tim Grafton is a former journalist working as an adviser to the National Party leader. Similarly, although a central figure in Labour's election campaign, Mike Munro has no history of involvement in the Labour Party — see Clifton (1997e: p.29).
chief Allen Walley and parliamentary researcher Roland Sapsford (Guyon Espiner, 2002a: p.C2), once again, both paid for by the state.\footnote{Others on the committee were party leaders, Rod Donald and Jeanette Fitzsimons, party co-convenors, Dave Clendon and Margaret O'Brien, and party development co-ordinator Liz Thomas (Guyon Espiner, 2002a: p.C2). In the campaign the chief press secretaries are in charge of reading the political pulse of the electorate. They are part of their parties' campaign teams and they communicate with their teams daily. According to Watkin, these two spin doctors play a central part in political strategy: 'Here and now, at the pinpoint of an election campaign, Foley and Munro are playing a pivotal and influential political role' (Watkin, 2002).}

The extra-parliamentary wings still sometimes play a considerable role in the campaign, but not the leading role that they once had. Some of them carry out many of the logistical operations of the campaign, but they do not have the actual control over decision-making that they once possessed. As in other countries, the head offices have become little more than ‘campaign organisations’ (Farrell, 1994: p.224).

\textbf{Use of Parliamentary Resources for Organising the Party}

Not only are parliamentary resources used for electioneering purposes, but they are also used to help run the parties' extra-parliamentary organisations. In order to take advantage of the many lucrative forms of state resources available, the functions of the party organisation or their national offices are now increasingly carried out both in Parliament and MP electorate offices.\footnote{This is an international phenomenon – for example, according to Pierre et al., 'In Denmark, the national party organisations moved part of their staff to the parliamentary secretariat when subsidies to parliamentary staff were introduced' (2000; p.7).} As McLoughlin has pointed out, 'Cash-strapped parties like New Zealand First, the Alliance and Labour would probably collapse without the parliamentary lifeline to covert public funding of their party machines’ (McLoughlin, 1997a: p.32). Moreover, it is also worth noting that in contrast to the traditional parties, the newer parties like New Zealand First, the Alliance and United Future barely even present the façade of pretending to have a physical national office outside of Parliament's office.
buildings. The parliamentary offices of the MPs have now even replaced their extra-parliamentary headquarters as the meeting places for many party organisation meetings and election strategising. For example, as Audrey Young noted, the 2002 National Party campaign strategy committee 'met weekly at Parliament until the election campaign' (Young, 2002c). Parliamentary rules allow party volunteers and officials to be given access to offices to carry out their activities assisting the parties.

Part of the reason for the increasing dominance of the parliamentary offices over party head offices in campaign organisation is because the parliamentary leadership no longer desperately need the services of autonomous central and local party organisers. The essential functions in modern elections are provided by the media advisers, opinion polling experts, and advertising experts and general parliamentary staff employed out of state funding. In part, therefore, it is the evolution of modern communications that makes the old-style party headquarters somewhat redundant. Even overtly extra-parliamentary activities are largely organised by parliamentary staff. For example, parliamentary staff commonly organise, attend, and carry out duties at party conferences as part of their parliamentary job.

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45 When asked if United had any sort of headquarters outside of Peter Dunne's parliamentary office, chief adviser Mark Stonyer, answered: 'no... but one of our members has a sort of office-cum-garage in Auckland' (Stonyer, 18 May 1999). Similarly, the Alliance disestablished its national office in Auckland in 1997, then operated out of its parliamentary offices in Wellington and electorate office in Auckland (O'Sullivan, 2001). Tracking down the New Zealand First office is difficult, and their website only has parliamentary contact information. The Act office is on the same premises as its Auckland electorate offices. The Green Party national office shares office space with an electorate office in Wellington.

46 According to Pinto-Duschinsky, 'Now that television has come into almost every home, party leaders no longer need the services of local party organizers. The essential skills in modern elections are those of media advisers, opinion polling experts, and advertising men' (Pinto-Duschinsky, 27 Aug 1998).

47 For examples of media reporting parliamentary staff organising or working at party conferences, see Watkins (2003b),
This trend to base party-political national office operations in parliamentary offices is a relatively new one that became established in the 1990s. In fact it was reported in 1989 that the establishment of the New Labour Party was being carried out from within Jim Anderton’s parliamentary offices:

Ever since the New Labour Party sprang up, Jim Anderton’s office and that of his secretary, Sally Mitchell, have been used as a de facto headquarters. As a result, the rooms have been turned into everything from a clearing house for donated cheques and loose dollar bills, to the party’s public relations nerve centre (Dominion, 1989b).

The Alliance’s time in Parliament (1993-2002) presents an interesting case study in the use of state resources. Following the election of its 13 MPs in the general election of 1996, the party closed its Auckland-based head office. It subsequently set up the ‘Electoral Liaison Unit’ (ELU) within the Alliance’s parliamentary offices, which was otherwise known as the ‘head office’ within the party. The Parliamentary Service funded the ELU and employed six staff (including the party president and the general secretary) who looked after party matters such as membership issues, correspondence, website management, party conference organisation and campaign strategy (O’Sullivan, 2001: p.2). The resources for the unit came largely from the Leaders’ Funding obtained by the party. Connected to the ELU were 11 regional out-of-Parliament Alliance offices funded from Members’ Support Funding (ibid).

It is also common for parliamentary staff to look after the communications of their extra-parliamentary parties. Often email correspondence to the party is answered from Parliament, and party free-phone numbers are serviced from there too. The most recently publicised example was when Jim Anderton and his faction broke away from the Alliance to establish the Progressive Coalition Party, and used their parliamentary offices and resources as the base for establishing the party. In particular, one staff member, employed on the Alliance’s parliamentary payroll without a job description, was answering calls to the ‘Jim and Sandra hotline’, which was taking donations for the breakaway MPs (Langdon, 2002a). At the
same time Anderton wrote to hundreds of people that his office had dealt with. In an obvious politicisation of a ministerial office, he used a database, compiled by his ministerial staff, of people who had written positively to him as deputy prime minister, inviting them to be involved in his new but unlaunched party (Milne, 2002c).

The Act party has also used staff to establish and maintain a sophisticated database, into which it feeds data it receives back from its extensive direct-mail campaigns (McLoughlin, 2003d). Act also constitutes an interesting case study in the use of state resources. As outlined elsewhere in this chapter, Act appears to be one of the most adept users of parliamentary resources for party-political purposes. Most famously, it had its electorate agents working in Parliament instead of in the electorate. The deeper significance of this scandal was that Act had been using taxpayer-funded resources for party-political purposes because it could not afford to fund these political functions itself. For although Act is typically thought of as being the most well-resourced party in New Zealand, as Chapter Seven has shown, it has been struggling to raise money since the tide went out on new right ideas. Consequently, the party organisation has been through a financial crisis, and in 1996 it had to slash its head office budget in half. Then in 2001, the head office operations were again severely cut back, with four out of the five staff positions being axed. This was driven, no doubt, by the realisation that many of the political and organising functions of the head office could be shifted to the 20-odd taxpayer-funded staff in Parliament. The savings could then be used for Act's surprisingly large $1.7 million election campaign in 2002.

The Parliamentary Services Commission Rules

The criteria and parameters of how parliamentary resources can be used by the parties are made by the Parliamentary Services Commission (PSC), which is the cross-party parliamentary body that controls the Parliamentary Service and

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48 The author worked in the ELU during 2001.
Ministerial Services. It is therefore a case of the recipients of the resources devising the rules on how they themselves can use them, something which might usually be viewed as a conflict of interest. As MP Jim Anderton has pointed out to Parliament, 'It is not a good look for political parties to design schemes for party funding to get around the laws that they themselves are responsible for making' (quoted in Sunday Star-Times, 6 May 2001: p.A2). This 'poacher as gamekeeper' situation appears to have led to a lax and dubious regime where parties are easily able to convert the lucrative resources into political tools. A 1999 review of the Parliamentary Service, however, suggested that every three years there should be an independent review of parliamentary resourcing. In the eyes of the General Manager of the Parliamentary Service, this proposal sought 'to address this issue of this perception of parliamentarians making decisions in their own interests when they are the recipients of the result of their decision-making' (O'Sullivan, 1 Jun 1999). The first such review took place in 2002 and its brief did not contain anything about addressing the PSC's conflict of interest. In fact, of the review panel's three participants, one was an ex-Labour MP and one was an ex-National MP. It is not surprising, therefore, that it recommended large increases in funding for the parties, and gave the clearance for a trial of bulk funding arrangements.

The Parliamentary Service and Ministerial Services have a difficult role in administering the rules for what is effectively a covert system of state funding of parties and politicians. The two administrative bodies have little autonomy from the political parties as they are both controlled by the PSC. In 2003, the new General Manager of the Parliamentary Service, Joel George, 'said the rules were "pretty permissive" but they were set by MPs and it was up to MPs to change them' (Taylor, 2003d). This typifies the position of the administrators – they do not have the power to make or adjust the rules about the use of resources, but merely have to work with the rules made by the parties. In a sense their role is one of 'corruption management', in that they are expected to allow the parties who make the rules to misuse the funding for party-political purposes.
The rules developed by the PSC are supposed to distinguish between parliamentary business and party-political business – a distinction described by former Prime Minister and Attorney General Geoffrey Palmer as 'unreal' because 'most of what goes on in Parliament is party political' (Palmer, 1992: p.139). Former Parliamentary Service General Manager John O'Sullivan has admitted that there are grey areas in the rules about the use of taxpayer resources, and that 'separating parliamentary business from party business was often difficult' (Laugesen, 1994c: p.1). In fact, it could be argued that not only are there grey areas, but that the whole parliamentary offices and resources are predominantly dedicated to party-political work rather than carrying out the neutral servicing of members of Parliament. Although the use of parliamentary resources for party-political activity is officially prohibited, the PSC actually has a very narrow definition of what constitutes party activity. The rules simply say that resources cannot be used to solicit money, membership, or votes. This vague rule still allows a very wide use of the resources.

The use of billboards by parties in 2003 illustrates that they can easily solicit votes simply by avoiding the use of the directive to 'vote' for the party. Instead, National's taxpayer-funded billboards featured the campaign slogan 'One standard of citizenship for all', and New Zealand First's billboards had a photo of Winston Peters, with three fingers raised and the slogan: 'Immigration's up, Treaty costs up, crime's up; had enough?' A spokesperson for the Parliamentary Service confirmed such billboards corresponded with the rules (McLoughlin, 2003d). The PSC rules are designed to be vague enough to allow parties 'to promote a policy' which, strictly speaking, these billboards did. According to the parties, the resources can also be used for the 'testing of policies', and therefore National said its 2003 billboards were being used to 'to test one of National's key messages – one standard of citizenship for all' (NZPA, 2003o). Commenting on it, Labour Party president Mike Williams said, that the parliamentary rules must be 'incredibly loose' (quoted in NZPA, ibid). Progressive Coalition leader Jim
Anderton was amazed at the new development: 'It looks remarkably like electioneering to me but as long as you don't ask for votes or ask for money, you can do it' (quoted in Milne, 2003b). Anderton added that his party would have to consider using parliamentary resources to purchase billboards too.

In the same way, the narrow definition of party political activity also allows parliamentary leaflets to be sent out that heavily promote a party and allow the recruitment of members. They do this by asking voters to send back a parliamentary freepost reply if they want to know more about the party. Likewise, the rules allow newspaper advertisements to be purchased that appear little different to those purchased in election campaigns. For example, United Future's 2003 full-page advertisements outlined reasons to support the party and ways to contact it, albeit without actually saying 'Vote United Future' or 'Join United Future'. Green Party co-leader Rod Donald was clearly of the view that although the ads did not breach the rules, they were 'party political propaganda being paid for by taxpayers' (quoted in McLoughlin, 2003e). Donald also said, 'Political parties are asking for trouble when they highlight the lack of rules in this way' (ibid).

The rules about such expenditure state that the advertising must relate to parliamentary business and not promote the party. Certainly to the voters viewing these various forms of propaganda, the advertising would have the appearance of being paid for by the political parties rather than being state-funded material dealing with parliamentary business. The advertisements, leaflets and billboards are all heavily branded with the respective parties' colours and logos. In respect of this, the Parliamentary Service rules only say that where parliamentary-funded advertisements use party logos, they must also either include the MP's parliamentary contact details or display the Parliamentary Crest (Parliamentary Service, 2001: p.9). For instance, Act's website, Richard Prebble's Letter from Wellington email newsletter, and Act's campaign/electorate buses all incorporate the Parliamentary Crest because they have been funded by the Parliamentary
Service. The crest is supposed to be the same size as the party logo used and the logo ‘should not be the dominant feature’ (ibid: p.6). Generally, however, this rule appears to be disregarded or inadequately observed.

The Parliamentary Service appears to take little interest in containing this trend. Furthermore, while the Parliamentary Service recognises that the party research units undertake party work, it is unconcerned about this use.\(^4^9\) It seems that the Parliamentary Service turns a blind eye to staff doing party work, partly because it realises they have little power to exert any control over the misuse. As Klinkum points out, the way that the rules have been set up, the Parliamentary Service 'is beholden upon the parties in Parliament to ensure that resources are used for the intended purposes’ (Klinkum, 1998a: p.214). Now the rules appear to be becoming even more flexible. For example, since the late 1980s the research units have been given control of their own budgets, and this occurred, according to Klinkum, ‘Partially in recognition of the fact that the General Manager was unable to exert any control and therefore unable to take responsibility for research unit spending’ (ibid).

In addition, despite the rules against operating electorate offices as party offices, the Parliamentary Service takes little interest in the rules being broken, yet the misuse is far from secret. It is common for party activity (including electioneering) to be carried out in conjunction with electorate offices. For example, during the 2002 election, Progressive Coalition Party candidate (and Alliance parliamentary whip) Grant Gillon advertised in his electorate newsletter for volunteer help with his election campaign, saying, 'If you would like to help with the campaign please contact my Northcote electorate office' (Gillon, 2002). The Parliamentary Service also allows MPs to share their electorate offices with party organisations. In

\(^4^9\) According to Klinkum, 'A former General Manager of the Parliamentary Service says that he recognised the units were acting in a wider political field than just the parliamentary context. The General Manager of the Parliamentary Service in the mid-1990s said the service was "not concerned" about what the units do' (Klinkum, 1998a: p.213).
some circumstances, MPs rent office space in buildings owned by the political parties or MPs themselves. The Parliamentary Service's main concern in this arrangement appears to be to get arms-length evaluation arrangements done to ensure that a fair market rent is charged (O'Sullivan, 1999). The MPs are also asked to make a clear physical demarcation between the various activities. MPs are not allowed to list the electorate offices as phone numbers for party-political contact, nonetheless this appears to occur. More commonly, in their propaganda, parties list the contact details of their parliamentary offices for interested voters.

O'Sullivan denies that political parties use parliamentary resources in the electorates to organise their parties, saying that 'the current rules certainly make it quite clear that [the electorate offices] are not meant to be used as party organisation offices. Resources that are provided by the taxpayer are not intended to provide for party organisational issues' (ibid). He admits, again, that 'grey areas' exist on this issue, but denies that parties contravene the narrow rules as to what is party-political work:

There has always been an interface between the out-of-Parliament offices and the party organisation, because a Member of Parliament by definition is a member of the party.... Having said that it is a very grey line between, for instance, developing policy for a party and spilling over into purely party activities. It is quite clear that you can draw a line about what they are — that you can't use the resources for fundraising activities and you can't use them for electioneering on the basis of, say, 'Vote for me'. They also can't be used for actually running the party — that is to solicit members and all of that sort of process and things (ibid).

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50 For example, it is known that national office and electorate offices space is shared by the Greens, Progressive Coalition Act, and formerly by the Alliance. Between 1997 and 2003 the Act party also rented a room in an apartment lived in by Richard Prebble. Christchurch National Party electorate staff work out of 'National House', which is also the party's Canterbury-Westland headquarters (NZPA, 1999q). In 1990 National MP Murray McCully admitted that 'the second-floor office space on Bute Rd, Browns Bay, was split into two separate tenancies. One side was for constituency work and was paid for by the taxpayer and the other side was for party work and was paid for by the National Party' (NZ Herald, 1990d).

51 See Jensen (1999); Gillon (2002).
Even this very wide definition of parliamentary work – which only rules out a very limited amount of party activity – is transgressed by the parties. Yet the Parliamentary Service takes little interest in monitoring the situation. As O'Sullivan admitted in 2001, 'Under the present arrangements and levels of resourcing the Parliamentary Service has little opportunity of knowing, on a day to day basis, just what activities are undertaken within party leaders' offices and out-of-Parliament offices' (O'Sullivan 2001: p.7). Instead of a systematic monitoring regime to prevent the misuse of resources, the Parliamentary Service relies on only a few safeguards against misuse. First, all contracts of employment and job descriptions need to be approved by the Parliamentary Service. Second, all bills and expenditures that are charged to the budgets of the parties are processed by the Parliamentary Service and thus monitored (O'Sullivan, 1999). Third, the Parliamentary Service relies on the idea that 'there is quite a lot of scrutiny that is exercised between the parties as to what people are doing... there is a bit of competition to ensure honest use' (ibid). This form of monitoring only works, however, to the extent that not all the parties are doing the same thing. If they were acting similarly, they would be less likely to act as watchdogs on each other. Fourth, the Parliamentary Service relies on the goodwill and honesty of the parties concerned. As O'Sullivan admits, 'The present system relies heavily on the Parliamentary parties voluntarily complying with the rules, i.e. on trust' (O'Sullivan, 2001: p.6). Such safeguards appear to be inadequate. Even the Auditor General criticised them in a report on MP allowances and reimbursement expenses (ibid).

In a sense, it appears that the main issue that concerns bodies like the Parliamentary Service is parties' 'equity of access to resources; not whether or not resources [are] appropriately used by all parties' (Klinkum, 1998a: p.217). In the past, the Auditor General has taken a similar approach. A good example occurred when Social Credit MP Bruce Beetham asked the Auditor General to inquire into the possible misuse of taxpayer funds by Labour MPs who used travel privileges to canvass in the marginal seat of Hamilton and the Nelson by-
election of 1969. According to Klinkum ‘The Auditor General refused to do so on the basis that a special parliamentary committee set the rules and that providing no one side was doing things the other side was not able to do then there was not a problem’ (Klinkum, 1998: p.217). Similarly, O'Sullivan was pragmatic about transgressions of the rules: ‘you've got to bear in mind that at the end of the day politics and politicians are involved in political processes and political processes don’t necessarily have tidy boundaries. There will always be some area of discretion about the margins that are going to be in judgement’ (O'Sullivan, 1999). This chapter shows, however, that the infringements are not only occurring at the ‘margins’ of parliamentary activity, but at its very centre.

It is notable that a 2001 investigation by the Parliamentary Service into the Alliance's parliamentary offices found many inappropriate uses of parliamentary resources. However, this investigation only took place after the party started to split, and the party leader, who was defecting from the party, took the unusual step of complaining to the General Manager about the activities of his own staff. Even then, O'Sullivan took no action to investigate, instead choosing to give the staff a warning. It was only after the leader's dispute with staff became public that the Speaker of the House was forced to intervene and ask for an investigation into the use of resources. It is also notable that O'Sullivan's subsequent investigation was largely a whitewash that uncovered only a relatively small amount of the inappropriate use of resources. He failed to interview most of the staff involved and delivered a report obviously designed to produce little change in the status quo (O'Sullivan, 2001). 52 Similarly, in 1996, when allegations arose that ex-National MP Graeme Lee was using his parliamentary office as the Christian Coalition election campaign headquarters, the Parliamentary Service chose not to carry out a thorough investigation, but only to question Lee about the situation (O'Sullivan, 1996b).

52 The author was one of the staff investigated by the review, while working in the Alliance parliamentary offices.
The use of parliamentary resources for party activities is also perpetuated by the fact that National and Labour have ensured the Parliamentary Service and Ministerial Services are exempt from the Official Information Act. This means that information about the parties' use of state funds is generally not available to the public.\footnote{According to Small, 'None of its meetings are open to the public, its agenda is not released and the Official Information Act (OIA) does not apply to it – and that is the way most MPs like it. Ironically, the only people with routine access to the darkest secrets about individual members – which insiders say is rare in any case – are representatives of rival parties. It is this "mutually assured destruction" that keeps much of what it does secret' (Small, 2001a). Gathering material for this chapter has proved very difficult, as there are very few sources of information on the parliamentary resources.} Furthermore, 'no parliamentary body or external agency believes it necessary or appropriate to inquire into the way in which parties use their state resources' (Klinkum, 1998b: p.427). The public is therefore kept in the dark about the situation.

**Proposals for Bulk-Funding**

In recent years, the concept of bulk funding the parliamentary resources has become more popular with parties in Parliament because it gives the recipients greater ability to use the resources for party-political purposes. Some substantial steps have been taken in this direction since 1994, before which MPs were provided with a multitude of separate small funding pockets for their parliamentary and electorate office costs. This meant that MPs had individual budgets for their photocopying, printing, postage, and so forth. This system was abolished and, as shown in Part One, each party now receives one Party and Members' Support budget (made up of Leaders' Funding, Party Group Funding, and Members' Support Funding). These general areas of resources now provide for a range of needs without being specific as to how much a party should spend on any particular item. According to O'Sullivan, this arrangement means that the party leaders have much more autonomy in how they spend their state funding:

So each party's leaders office can sit down and work out a budget and decide whether they are going to have people employed, whether they're going to engage people on...
contract, whether you’re going to have two media people or one media person or no media people – whatever it might be. They’ve got all that flexibility and choice now. Similarly for a Member of Parliament in utilising their budget, they can make a decision as to whether they will have an out-of-Parliament office or not. Some people choose not to, and they can use their budget as they see fit – in terms of how much will go into their advertising for the services that they have available, how much might go into the mail-outs to members or to their constituents or whatever it is (O’Sullivan, 1999).

Even in terms of the employment of executive secretaries within Parliament, MPs now have the flexibility to trade these resources for ones that are deemed more useful. For example, in the 1990s National MPs Nick Smith and Christine Fletcher pooled their entitlement of two secretaries, and instead employed a joint secretary and a shared researcher (Klinkum, 1998a: p.344). Likewise, since 2002, MPs in both United Future and New Zealand First have shared secretaries, allowing the operation of larger Leader’s Offices and research units (James, 2002k).

Since 1996, the Act party has lobbied to extend the bulk-funding arrangements of MPs, most prominently by MP Rodney Hide incorporating proposals for bulk-funding into his campaign against bureaucratic wastage in Parliament. According to Hide, the current funding arrangement for MPs is shambolic and fails to produce MP accountability. Hide has therefore advocated bulk-funding MPs and their parties for everything, giving them a budget of about $500,000 a year, and allowing the MP and party to spend it as they like. Such proposals have been enthusiastically endorsed by other parliamentarians and state agencies. At the time he was leader of the Alliance, Jim Anderton, for instance, backed Hide’s call for bulk-funding, citing the need for the greater transparency inherent in the concept of bulk-funding (Smeele, 1997: p.6). The Treasury and the Parliamentary Service have also endorsed the concept and have worked on the development of the proposals. The two agencies jointly recommended in 1998 ‘that all amounts currently funded through Crown payment appropriations (with the exception of travel for former MPs) be bulk-funded to party groups’ (the Parliamentary Service and the Treasury,: p.5). One of the bulk-funding options that the Parliamentary Service and the Treasury examined and put forward for consideration was a
'pure remuneration' model akin to the Hide proposal, where each MP would receive virtually all their resources and salary in one financial payment, and their own personal remuneration would be the amount of money remaining after their expenditure had been made:

Under this approach, members would receive a single payment, possibly at the beginning of a Parliamentary term, out of which they would finance their activities, as they see fit. The Parliamentary Service would move to charging for all the services it provides, but members would be free to shop elsewhere (the Parliamentary Service and the Treasury, 1998).

Since the Parliamentary Service and Treasury report, another review undertaken by ex-Labour MP Stan Rodger included a recommendation of an increased bulk-funding component that parties should be able to opt-in for if they wished. Then in 2002, the first Triennial Review of the Parliamentary Appropriations recommended that 'parties and MPs should be given greater flexibility in how they spend the money they are given' (Milne, 2002g).

All the moves in the direction of bulk-funding are essentially attempts to convert indirect state funding into direct state funding, albeit bringing in a new funding regime through the backdoor. Converting parliamentary resource allocations into cash resources that have few restrictions on their use would allow the recipients much greater freedom in how they utilise the resources. Inevitably, MPs would use such cash resources in an even more party-political way than they currently do. Furthermore, the parliamentary wings of the parties would be likely to centralise these resources even further – in Hide's scenario of each MP being allocated $500,000, it is hard to imagine that the party caucuses and leaders would allow individual MPs to control such resources.
Part Three: Implications and Problems of State Resourcing

The state funding of political parties is often justified as a recognition of the vital role they play in the democratic process. It is said that it is only fair that the state offers some degree of support to parties for their part in providing democratic governance. Furthermore, it is argued that state funding of political parties is necessary to promote vigorous and strong political party organisations:

> If parties are to be able to present themselves to the electors, and if they are to be able to research into alternative policies, they require the finance to employ adequately-sized staffs. The best way to ensure that parties have sufficient resources to carry out their democratic functions is to give them subsidies from the public purse. This argument comes typically (though not exclusively) from the political Left (Pinto-Duschinsky, 10 Sep 1998).54

In line with this, the Labour Party reported to the RCES that increased state funding would ‘stimulate political education and research by allowing parties to channel more of their maintenance funds into this area’ (Labour Party, 1986: p.51). Generally, it is argued that the costs of running a political party in a modern democracy are rapidly increasing, and without state subsidies the extra-parliamentary organisations are not adequately able to perform non-election work such as policy development. Furthermore, it might be said that with such large resources being administrated by governments, state funding is necessary so that political parties are not vulnerable to corruption. Such arguments revolve around the supposed neutrality or independence that state funding is said to provide political parties. For example, the RCES argued that without such funding, political parties

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54 See also: Pierre et al. (2000: p.4). It should be pointed out that state funding is not simply supported by the parties of the left and opposed by the right. Internationally, it has often been the parties of the right that have encouraged state funding. For example, Margaret Thatcher was the first leader of a party to receive state aid in the UK (Linton, 1994: p.11). Likewise, according to Linton, ‘the pressure for state funding in Germany did not come from the left or the centre of the political spectrum, but from the right’, and the left-wing SPD actually went to court to stop state funding (Linton, 1994: p.35)
may be forced to rely on institutional sources, such as corporations or trade unions, to fund their activities. We consider that would be detrimental to our democracy and might, in the long term, lead to corruption of our political process or at least to the suspicion of such corruption (RCES, 1986: pp.211-212).

Likewise, the Labour Party has argued that 'Given the escalating costs of election campaigns state funding inhibits an excessive reliance on "special interests" and institutionalised sources of finance, be they unions or corporations. Such reliance may not be in harmony with the views of all party members and may generate policy compromises' (New Zealand Labour Party, 1986: p.51). More recently, Labour has suggested that scandals over donations to political parties have made state funding an 'urgent necessity' (Armstrong, 2000). Increased state funding, Labour says, would 'restore confidence in the political system and combat the suspicion that hidden influence is being exercised on the political process through substantial secret donations' (ibid). It seems likely, however, that the concerns over anonymous donations have had the opposite effect on public opinion, giving voters even greater reason to distrust parties and making them even less willing to see more public funding awarded to parties (Linton, 1994: p.100). Furthermore, the more significant party finance scandals have actually involved the use of state funds rather than donations, and these are likely to have reduced the public's tolerance of state funding. For example, in 2001 the Alliance was scrutinised about the misuse of parliamentary resources. Then in 2003 the Act party's electoral offices and agents were investigated. Certainly there is little support for greater state funding of political parties. The most recent opinion poll undertaken on the topic – commissioned by the National Party in 1988 – showed that 81 percent of New Zealanders opposed state funding (Press, 13 Sep 1988). Fourteen years later, Tim Bale reported little change, writing, 'there is no popular support for state funding. Any attempt by Parliament's existing occupants to get together a cosy cartel to introduce it would be undemocratic. It would only confirm the unfortunate, and largely undeserved, reputation politicians have of being a self-serving elite' (Bale, 2002b).
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Critics of state funding also point out that, wherever comprehensive state funding systems have been implemented, this has done nothing to solve the problems of political corruption: 'The massive corruption associated with political funding in Germany and in Italy has occurred in countries where parties have received lavish state aid' (Pinto-Duschinsky, 10 Sep 1998). In fact, state funding can lead to a completely new type of financial corruption. As discussed later in this chapter, under state funding, a cartel-like arrangement is created in Parliament, with political parties becoming addicted to public subsidy and therefore constantly attempting to increase the dosage.

Affect on Linkages with Civil Society

Much of the debate about state funding rests on the question of what model of party-society-state relations is desirable. The place and role of political parties has traditionally been conceptualised as that of forming an 'institutional link between the various groups and interests of the wider plural society and the institutions of government' (Mulgan, 1997a: p.233). Much like organised interest groups, parties were seen as being firmly rooted in civil society, but reaching up to represent those interests at the level of the state. This and other chapters in this thesis have tried to show that this has changed, and that this linkage is now weak. Undoubtedly, state funding reduces the political parties' organic attachment to society. In particular, the state's role in being the patron of the parties has an impact on their leaderships' orientation towards rank-and-file

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Bale has also said, 'state financing doesn't put paid to corruption because parties always want more. Two of Europe's best publicly-funded systems, France and Germany, have been plagued by party financing scandals for years. For all the banner headlines, Britain's largely privately funded system is seen as very much cleaner' (Bale, 2002b).

Parties in Parliament are also likely to use state-funding arrangements to restrict the benefits to themselves alone, in an attempt to inhibit the entrance of competitors into the market. As Pinto-Duschinsky has argued, 'legislators will have an incentive to make financial arrangements that benefit sitting members of Parliament themselves and which place challengers in their seats at a disadvantage' (Pinto-Duschinsky, 10 Sep 1998).

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membership. This is something that the Alliance's Matt McCarten has also discovered:

There's been a professionalisation of political leadership, backed up by state funding and resources for MPs which has distanced politicians from party rank and file.... In the old days you didn't have big salaries and you had to rely on party volunteers more. Now politicians are no longer so reliant on the grassroots, they go direct to the media to put their message out (quoted in Laugesen, 1999f: p.A3).

The RCES also made this argument about the discouragement of membership recruitment:

We share the fears that have been expressed that an unnecessary increase in State assistance would reduce parties' need to rely on their ordinary members for financial support and voluntary work. This could, we consider, lead to a lessened commitment to recruitment of, and responsiveness to, those members (RCES, 1986: p.211).

The RCES clearly saw a positive linkage resulting from high party membership and the financial reliance on members:

For the most part, our parties have met their financial needs from small donations from their members and supporters. By concentrating on the establishment and cultivation of large membership bases, the parties have avoided relying on substantial contributions from either the State or a limited number of large institutions or corporations. This has had beneficial effects, both in terms of high political participation by ordinary New Zealanders and in terms of the responsiveness and representativeness of the parties themselves (RCES, 1986: pp.216-217).

While the decline in membership has an array of causes, Chapter Six has shown that the flourishing of alternative source of resources for the parties greatly reduces the incentives for retaining a large party membership that brings in membership fees, other financial contributions and voluntary labour. Thus, according to Pierre et al., 'there will be less interest in catering for the interests and opinions of the rank-and-file in the intra-party decision-making process' (Pierre et al., 2000: p.3). Furthermore, the reliance on the state increases the autonomy of the leadership and reduces the power of the 'membership strike' or departure:
For the individual member, involvement becomes less interesting because members no longer control a critical resource in their exchange with the party leadership; as Hirschman put it, 'exit' are reduced. Public subsidies therefore contribute to the alienation and indifference of the rank-and-file membership and increase the centralisation of the party organisation (Pierre et al., 2000: p.3).

The independence from civil society that state funding affords political parties, also has a tendency to moderate their politics. As Simon Lemieux suggests in Britain, state funding enhances 'the independence of parties by freeing them to a large extent from the ties of their present backers.... It might also lessen the polarisation between parties, where Labour are still (rightly or wrongly) seen as the party of the 'workers', and the Conservatives as the party of capitalism' (Lemieux, 1995). This increasing independence (or weakening linkage) also means that some of the classic functions of parties, 'such as the articulation of interests and the aggregation of demands, and perhaps also the formulation of public policy' are becoming undermined (Mair, 1997: p.153).57

The 'level-playing field' analogy is also frequently used to explain the necessity of state funding, suggesting that political parties should have access to similar levels of resources in which to compete with each other. Proponents of state funding have argued that the allocation of public funds to parties and candidates is necessary to assure this equality. Implicit in this assumption is the idea that the distribution of private financing is unfair and undemocratic, leading to some sections of society having greater political influence.58 Yet while much has been written about the negative political implications of resources derived from civil society, little has been said about the implications of resources emanating from the public sector. It might be asked whether money from government is really so different to money from private sources. Arguably, such funding is no more neutral, just because it derives from state sources. In fact, the influence of state

57 According to John Henderson and Paul Bellamy, 'A greater level of public funding of political parties would lessen their dependence on - and hence the possibility of undue influence of - special interest groups. However, such a reform runs the risk of further divorcing parties from the public' (Henderson and Bellamy, 2002: p.91).

58 The Treasury, in contrast, has argued that it is not necessarily unfair or undesirable if "on their own merits" some political parties attracted more money than others' (quoted in Atkinson, Dec 1989: p.98).
funding is substantial, affecting 'the party system, the internal life of parties, the electorate's view of parties, and the saliency of parties vis-à-vis other political actors' (Pierre et al., 2000: p.13). Conversely, there is something to be said for the benefits of the private funding of political parties. For instance, it can be argued that it is actually very healthy for parties to be dependent for their existence on their ability to attract resources (of both a capital and labour variety) from their supporters. For this reason, the National Party has traditionally opposed the concept of state funding. As former party president George Chapman's told the RCES:

Soliciting funds from the public may be tedious and time-consuming for the political parties but it has the beneficial effect of forcing the parties to expand their membership base and listen to the people. Contact between the branch committee member and the potential party member is a vital link in a participatory democracy. State funding can only weaken it (Chapman, 1986: pp.27-28).

It can be argued, therefore, that private funding of political parties is not necessarily undesirable. Instead of replacing the contributions of large corporations and labour unions, state funding possibly only supplants the contributions of individuals, which should in fact be encouraged as a form of political participation (Alexander, 1989b: p.16). Furthermore, there are good reasons for political parties to be reliant on even institutional sources such as corporations or trade unions, to fund their activities. These sources of support and political pressure provide an ideological anchor. As argued in Chapter Five, becoming free from such organisational ties encourages ideological convergence, as parties no longer need to represent distinct social constituencies (and thus Labour is less the party of working people and National is no longer simply the party of business). Instead, parties become more independent from social groups, tending to be the vehicles of office-seeking politicians and prone to political convergence. As Patrick Seyd has pointed out,

59 Likewise, Act MP Rodney Hide has argued, ‘The good thing about the private funding of political parties is that it forces MPs to get out and talk to people and to get an active membership’ (Hide, 6 Nov 1998: p.24).
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the effect of state funding is to weaken a linkage that helps structure and organise the party system:

It is attempting to tamper with existing conflicts and party alignments. For example, company and trade-union support of parties reflects one division of interest in society... [and] to argue that 'State funding of political parties could remove the insidious connection between politics and vested interests'... is to fail to recognise that politics is about interests and linkages (Seyd, 1998a: p.204).

Any fundamental changes in party resources, such as increased state funding of parties, undoubtedly cause other changes to political competition. In particular, this intervention of the state interferes with the 'market function' of the party system. Hence, although state funding might 'solve' the financial problems that political parties are having in raising funds from civil society, it also masks the reasons why the New Zealand public no longer voluntarily give financial support to the parties and thereby allows the parties to avoid the deeper problems that afflict them. This is a point acknowledged by the RCES:

if parties no longer have a need to solicit funds from the public, the overall political process may stagnate and the natural growth and decline of political parties may be inhibited. Political parties are voluntary organisations and the extent to which a party can attract financial support is, at least in part, a reflection of that party's appeal to the electorate (RCES, 1986: p.211).

For this reason, George Chapman has argued that 'a party's popular and membership support must reflect in financial support, otherwise its existence is no longer justified' (Chapman, 1986: p.16). The Treasury, too, has voiced its opposition to proposals to introduce direct state funding to political parties, preferring a laissez faire situation because 'the financial state of a party' is 'a reflection of its popularity with the electorate' (NZPA, 1989a). By providing funding, the state is attempting to rescue New Zealand's political parties from poverty when, in a sense, the financial problems of New Zealand parties are merely a symptom of their more serious credibility problems.
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Cartelisation

State resourcing changes much about the nature of the party system because of the tendency for parties to become reliant on this stream of funding and band together to ensure its generous supply. Richard Katz and Peter Mair have argued that, as a result, a new type of party, the 'cartel party', has been emerging. The cartel party can be viewed as a further stage in the evolution of the electoral-professional party, and its central element is its reliance on the growth of state funding. Katz and Mair use the term 'cartel' because the arrangement that brings about this funding 'depends on collusion and cooperation between ostensible competitors, and on agreements which, of necessity, require the consent and cooperation of all, or almost all, relevant participants' (Katz and Mair, 1997: pp.107-108). It is alleged that nearly all political parties benefit from the resource-relationship with the state and are therefore all are reluctant to oppose it and instead generally encourage its extension. It is in this sense that the parties operate like a cartel.

The cartel is also characterised by the interpenetration of party and state. By being part of the legislature, parties actually occupy part of the state and have some control over the distribution of resources. As elsewhere, in New Zealand the parties have largely designed the generous provision of state funding themselves. It is here that it needs to be pointed out that the state is not simply some autonomous and exogenous factor influencing party life, but is instead controlled by the very political parties that it financially supports. Therefore, according to Mair, 'it is perhaps more useful to think of it being the parties which are helping themselves, in that, in working to ensure their own survival, they are regulating themselves, paying themselves, and offering resources to themselves, albeit in the name of the state' (Mair, 1997: pp.143-144).

As an example of parties becoming reliant on state funding and then being reluctant to oppose it, it is interesting that the Act party has previously been
critical of state funding, but is now one of the most adept users of it. Following the 1996 general election, Act leader Richard Prebble criticised the use of taxpayer funds by political parties for their election campaigns, saying 'that other political parties used the taxpayer to finance their election campaigns, while Act relied solely on supporters' donations' (NZPA, 1997). Prebble also claimed, 'Only Act campaigned in the old-fashioned way, relying on donations from its 14,000 supporters' (quoted in NZPA, ibid). He criticised the funding system as being one designed to keep new parties from being elected. However, it was not long before Act had clearly become part of the cartel, and in the 1999 and 2002 general election campaigns it also used parliamentary resources such as rental cars, accommodation and daily allowances. The way that the party used its state-funded electoral offices and agents also suggested a sophisticated manipulation of resources for political ends. There are other examples of MPs and parties complaining about the unfairness of the system until they received their own share of the resources. For example, although the Social Credit party's Bruce Beetham complained about the misuse of taxpayer funds in 1969, then expressed his 'horror at the "scandalous" misuse of public funds by research units preparing for general elections in 1975', in the end, according to Klinkum, Social Credit actually soon did the same, becoming a large user of the public resources (Klinkum, 1998a: p.193).60

State funding has an important effect on the nature of political competition, especially in terms of consolidating the existing party system and artificially inhibiting change. Pierre et al. have commented on the way in which subsidies protect established parties from the competition of new parties:

Since the parties in government and parliament design subsidies themselves, the subsidy system is likely to be structured in ways which favour the established parties. This, in

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60 Similarly, when New Zealand First was formed in 1993 it did not qualify for state-funded broadcast advertising but said it was opposed to the funding and would not have accepted it anyhow (Goulter, 1993: p.2; Shearer and Shearer, 1994: p.29). Now that the party also receives such funding, this criticism has disappeared.
turn, interferes with the 'Darwinistic' life-cycle process of party formation, maturity and decline; public subsidies are said to be a life-support system for ageing parties which obstruct the natural, organic development of the party system. Subsidies, in this view, sustain the status quo ante in the party system by strengthening the competitive advantage of the established parties vis-à-vis new actual or potential party formations (Pierre et al., 2000: p.3).

Certainly in New Zealand, the overall effect of the system of state funding has been to consolidate the present players in the party system and prevent the entry of new competitors. Much like the state's ban on television advertising by parties, and the Electoral Commission's uneven allocation of state funding for election broadcasting, the provisions of generous parliamentary funding operates as an impediment to the competitiveness of new parties in New Zealand politics. It is significant that the only new political party to be elected to Parliament since the introduction of MMP is the Act party, which was bankrolled by millions of dollars of private wealth. No other new party not already represented in Parliament has been able to compete with the millions of dollars of state-funded resources that the other parties have at their disposal. The other new parties – the Green Party, United Future and the Progressive Coalition Party – have all been launched by MPs already in Parliament.

The most blatant examples of the main parties colluding to protect their state-funded advantage relate to the provision of election advertising money, which has always involved a questionable relationship between the two main political parties and the state. This relationship was made more overt when in October 1995 the Labour and National parties legislated to add one Government and one Opposition representative to the Electoral Commission whenever it allocated election-broadcasting money. While the proposal was pushed through by

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61 See Chapter Nine.

62 It is not just National and Labour which have sought to restrict state funding. In 1996, when there were four elected parties in Parliament, New Zealand First and the Alliance argued that all other parties should be excluded from Electoral Commission election funding (Edwards, 1996b).
Labour and National, it was opposed by most of the smaller parties as well as the Electoral Commission (Jackson and McRobie, 1998: pp.292-293).\textsuperscript{63}

Similarly, allegations have been made by the Act party that the actual legislation governing the allocation of election broadcasting funds has been constructed by National and Labour to benefit the established parties and restrict the entry of new parties into Parliament. According to Act, the uneven distribution of such funds is inconsistent with the Electoral Act, because the legislation contains ‘a number of measures which make it clear that all candidates and parties are to be treated equally. The size of deposits and limits on campaign expenditure are identical for all parties and candidates. All rules are the same for all parties and candidates’ (Tate, 1999: pp.1-2). The party has therefore argued that ‘The democratic principle on which allocations should be based therefore is that all registered political parties conducting a nationwide campaign should receive the same amount of time and money. It is grossly undemocratic and unfair that some parties should receive more time and money from the taxpayer than other parties’ (ibid). This complaint is consistent with the theory of Katz and Mair, who have argued that established major parties can use their control over resources not only to sustain themselves but also to hinder the rise of new parties. In countries like New Zealand, the effect of state funding has been to reinforce the existing arrangements in the party system. Because the division of resources is determined by parliamentary strength, the system acts to perpetuate the status quo and make it more difficult for outside parties to enter, or small parties to grow.

\textsuperscript{63} The way that parliamentary funding has been configured, it has often disadvantaged even the smaller parliamentary. For instance, although the National and Labour parties were not financially penalised in terms of their parliamentary funding when various MPs left those parties in the mid-1990s to start and join other political parties like New Zealand First, United, and the Right-of-Centre Party, when it came to Alamein Kopu leaving the Alliance Party in 1997, that party's funding declined 'by NZ$47,000 in the first year and NZ$77,000 in the second and third years as the total number of remaining Members fell to twelve and therefore below the "medium level" for state support' (Klinkum, 1998b: p.470). This decision made it appear that there was one rule for the major parties and another for the minor parties.
Klinkum also explains the lack of public debate about the use of parliamentary resources by reference to the cartel-like arrangements. Although one of the reasons for this lack of debate is simply that the parties each keep quiet about their own resources, another reason there has been so little discussion is that all parties benefit from the existing arrangements. This means there is no political capital to be gained from exposing the whole system of funding (Klinkum, 1998b: p.428). The covert nature of the funding arrangements can only add to suspicions about the nature of the relationship between the state and political parties. It seems to be a telling sign of a cartel-like situation that so few controls over the utilisation of parliamentary resources exist at a time when government insists upon greater transparency from other state agencies. The reason that state assistance for party-political activities tends to be covert rather than overt is explainable, according to Palmer, by the simple fact that the subsidies are unpopular with the public (Palmer, 1992: p.138).

Creating Virtual Government Departments

Katz and Mair believe that the cartel behaviour fosters the development of a 'political class' in party politics. In their view, politicians are increasingly a self-referential group of career professionals who develop an independent understanding of goals and objectives:

Finally, with the emergence of the cartel party, comes a period in which the goals of politics, at least for now, become more self-referential, with politics becoming a profession in itself: a skilled profession, to be sure, and one in which the limited inter-party competition which does ensue takes place on the basis of competing claims to efficient and effective management (Katz and Mair, 1997: pp.111-112).

Consequently, the leaders become divorced from party principles and their members, activists, and even their own voters – continuing the process Robert Michels described as early as 1911. A good example of this shift is a statement by Act MP Rodney Hide: 'We bump into our opposition parties in the airport all
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the time and you end up actually chatting away. There's a sort of public thing of being against each other politically and all the rest of it, but there's also a camaraderie in the sense that you're in the same business' (quoted in Evans, 1995: p.18). Simon Carr of Act paints a similar picture:

It is a secret society, joined by covert bonds and awful oaths of loyalty (if not to each other). However much they attack their opponents, however different their world view is, however ferociously they represent their constituents' interests – they have more in common with each other than they have with us. That's worth unpacking: Jim Anderton has more in common with [Winston] Peters than he does with the homeless, the downtrodden, the huddled masses of Sydenham (Carr, 1997: p.37).

It is a common source of resources and the disconnection with society that allows this 'political class' to develop. By receiving the state's subsidies, the parties are partially co-opted into the state, blurring the line between political parties as voluntary, representative structures and the state. This provision of funds therefore raises questions about the desirability of the closer relationship between the state and political parties. Not only does this relationship decrease the participatory character of political parties, disrupting the whole notion of political parties as the representative organisations of civil society, it also erodes the barrier between the parties and state. Hence, while state funding might provide the New Zealand political parties with increased independence from their more traditional ties in civil society, they conversely become more like state-funded bureaucracies or 'virtual government departments'.64 As the Economist has argued, 'the greater the taxpayer subsidy, the greater the risk that parties will

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64 According to Hague et al., state funding means that 'major parties are tending to converge into a single system of rule: the "party state"' (Hague et al., 1998: p.137). In some Western European countries the relationship between party and state has reached the point where commentators even refer to the 'party-state'. This is where parties are so dependent upon state subsidisation (along with regulation) that they are less like independent organisations and more like agencies or departments of the state. For instance, when the German Constitutional Court investigated the constitutional validity of state grants for political parties in 1966, they reported that 'there was a danger that the parties represented in parliament were devising a system to favour themselves and making themselves "part of the organised structure of the state"' (Linton, 1994: pp.38-39).
become institutions of the state rather than voluntary associations of their members' (Economist, 1999c: p.47).

Parties are an essential part of civil society. Thus, there is a good argument to be made that the state should be kept at a distance otherwise it may come to regard political parties as 'public utilities' (Seyd, 1998a: p.204). As Bale has argued, 'The whole point about parties is that they stay rooted in civil society so that the various competing interests of that society never capture, nor are captured by, the state' (Bale, 2002b). The danger is that the growing dependence on state funds can lead politicians to become less interested in advancing political objectives than in managing the state for their own good (Pierre et al., 2000: p.2). Political life then becomes dominated by the state and is taken away from the citizenry, and left only for a political class to participate in.65 This situation leads to a convergence of the state and the major parties into a 'party state' system of rule.66 The existence of this political class operating in a 'party state' is likely to further increase the public's dissatisfaction with parties and politics.

In New Zealand, the party-state relationship is a very advanced one, with political parties no longer playing such a central part in policy creation. It could be argued that instead of 'coming from' and 'belonging to' civil society, New Zealand's parties now seek to implement the state's policies and play a role of legitimising

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65 One commentator in the UK has argued that, the introduction of comprehensive state funding would finally turn political parties into bland state bureaucracies: 'This would finally seal the fate of democratic politics in the UK Parliament. The parties already act more as a bureaucratic state department than independent political movements. Put them on the government payroll, and the deadening process will be complete' (Hume, 2001). Arnauld Miguet, commenting on the French case, argues: 'what becomes apparent and is most striking in the French legislation is that since the prohibition of corporate funding, political parties are largely dependent on the state which dominates public life. Political life has been nationalised and there is even more centralisation at the level of the parties' (Miguet, 1999: p.65).

66 Interestingly, the current New Zealand prime minister has previously criticised the overly liberal use of state-paid advertising by parties in government to promote their reforms, negatively alluding to a 'seamless web between party and government' in which voters pay to have policies sold to themselves (Harris, 1993d: p.14).
them to the public. Rather than being rooted in civil society, the parties – or at least the parties’ MPs – are in effect a collection of state-subsidised members of the political class. They make use of the old fragmenting vehicles that are political parties to connect with wider society. Especially since the mid-1980s much of the most important legislation has originated from within government departments. According to James, political parties are no longer the creators of policy, but often merely the implementers of the state’s ideas:

It is true that parties have seen themselves, at least in some sense, as vehicles for policy development.... In this convenient world, parties thought up policies and public servants implemented them. Actually, public servants, at least in the past 30 years, have done most of the thinking up of policy or channelling of it from some other external generator and the parties’ role has been principally as a correction mechanism (quoted in James, 1998: p.181).67

According to political scientist Shaun Goldfinch, it is not ‘unusual for public servants, including Treasury officials, to wield immense influence in policy formation, even, in some cases, to a greater extent than their political masters’ (Goldfinch, 2000: p.200). Increasingly, the role of developing policy for the parties is also carried out by the state-funded parliamentary staff, and in particular by press secretaries. These recently politicised positions were previously staffed by Internal Affairs career press secretaries who were expected to be neutral and work for a number of different regimes, implementing whatever their employers wanted.68 According to Ian Templeton this has since changed:

Then they were seen as the link men between the departments and the ministers, whereas now the ministers’ offices in the Beehive are more engines of policy, and in some cases what ministers need now are policy analysts rather than staff who know the minutiae of how departments work (quoted in Kilroy, 1998: p.13).

67 Furthermore, political parties no longer initiate policy ‘except where there has been some strong feeling (employment equity is an example) or a minister with an intellect of his/her own and organising skill (Simon Upton’s health and science reforms)’ (James, 1998a: p.181). There are many examples of important policy originating from within the state bureaucracy, for example, ‘Treasury Secretary Bernie Galvin boasted of the influence his department wielded over the Minister of Finance: “His initial thinking was not in favour of the Goods and Services Tax. Treasury convinced him of that” ’ (Sheppard, 1999: p.14).

Templeton has elaborated on the changing division of labour within ministerial offices, saying, 'Ministers used to do the political work themselves and the secretaries did the secretarial work, but now (ministers) are pushing out press statements, going on radio and television and they need people around them who are alert to the possibilities' (quoted in Kilroy, ibid). Party-political 'state servants', like Labour's Heather Simpson, now dominate that party's policy. After becoming director of Labour's research unit, Simpson became heavily involved in policy development, and according to another research unit director, her 'stamp can be seen on every page of Labour's pre-election policy announcements and its election literature' (quoted in Klinkum, 1998a: p.176). Simpson epitomises the concentration of power in a backroom party professional: paid for by the state, answerable only to the parliamentary leader, but hugely influential on policy development and hence party direction. Klinkum has written about many such situations where parliamentary staff (particularly in the research units) have essentially designed party policy. For example, 'While Ann Hercus, a Labour MP, was responsible for Social Welfare policy prior to 1984 the relevant researcher wrote most of the policy because the Member was so busy' (ibid: pp.178-179).69

The Influence on Internal Party Configurations

Through providing funding to the parties the state has a significant influence on the internal configurations of political parties. An illustration of how the state can deliberately use its subsidies to influence the internal affairs of the parties is seen in the conditions that are sometimes put on the funding. For example in Finland, 'the parties must transfer some of their subsidy to women's organisations and to lower levels of the party organisation. Since 1990, part of the Finnish party subsidy is also earmarked for international activities’ (Pierre et al., 2000: p.9).

69 Often these researchers have a strong ideological influence: 'One commentator has observed of a politician such as Ruth Richardson, a National MP, that while she was predisposed toward a particular ideological economic viewpoint, she was an "economic empty vessel" leaving her staff to have a strong influence on her and hence on her party's direction (Klinkum, 1998a: p.179).
Likewise, in Holland, 'party support is specifically targeted at research activities (since 1971) and education (since 1975)' (ibid).\(^{70}\) Similarly, in New Zealand, the direct state funding for the election campaign has to be spent on broadcasting, strongly shaping the way that parties design their campaigns. It is, however, the indirect funding through Parliament that is more influential on the parties. Seyd has argued, for instance, that whenever state funding is introduced it has a significant impact upon existing power structures, and that normally it is the power of the parliamentary leadership that is strengthened:

To whom would the state allocate money – the leader, the parliamentary party, the extra-parliamentary party, constituency parties, or candidate? The power of whosoever receives the money would be enhanced by such money. Party leaders are unlikely to reduce their powers by allowing grassroot activists to receive funds directly (Seyd, 1998a: pp.203-204).

Related to this, one of the major implications of the fact that in New Zealand the state resources are provided indirectly is that the parliamentary wings of the parties control such resources. This, in turn, reinforces their strong control over their parties. The extra-parliamentary wings of the Labour and National parties (which have traditionally controlled the resources) therefore have their independence and relevance reduced. It might be argued that at least with the direct state funding of political parties the money often goes to the extra-parliamentary wing and therefore acts to counter the increasing dominance of the parliamentary leadership of the parties.\(^{71}\)

Even within the New Zealand parliamentary wings, the configurations of the funding empowers the party leaders over their MPs. This is because the

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\(^{70}\) Similarly, in Ireland, 'the funding for political parties must be spent on general administration of the party; research, education and training; policy formulation, and; co-ordinating branch and party members' activity' (MMP Review Committee, 2001: p.89).

\(^{71}\) In 1999 the General Secretary of the Labour Party, Rob Allen, commented, 'there is certainly a tension over the resourcing of the parliamentary end... as there are significant resources in the parliamentary party provided by the state and very little provided by the state to the party organisations themselves' (Allen, 1999).
Parliamentary Service rules about control of the resources provide the leaders with complete control over Leaders' Funding and the Party Group Funding (O'Sullivan, 1999). The only budget that individual MPs have some control over is the Party Members' Funding. Even then, if an individual MP 'wants to', they can agree to give up some of that budget to their party caucus controlled by the leader, and in many cases they do (ibid).\(^{72}\)

Control of the parliamentary resources can be a contentious issue for the parties in Parliament. When the Alliance was in Parliament, there was an ongoing battle between the party organisation and the parliamentary caucus for control of the state-funded resources. In particular, most Alliance MPs were determined to control their own out-of-Parliament staff and electorate offices, establishing such offices in their own electorates in an attempt to build up local support for themselves as individuals. In contrast, the Alliance head office was determined to use the resources collectively in the cities and regions to build the extra-parliamentary organisation and create support for the party as a whole. Furthermore, the parliamentary funding that the Alliance ELU received for extra-parliamentary functions was under constant threat of being cut or restricted by the party leader. In this way, the leader was able to ensure that the extra-parliamentary activities of the party organisation were consistent with his political agenda.

Through his control of these resources, Jim Anderton was independent of the wider Alliance party and yet also able to assert his control over extra-parliamentary officials. He was able to turn the resource tap on and off at will in order to control staff who were also activists and office-holders within the party. The party organisation, president, general secretary and so forth were forced into

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\(^{72}\) In terms of the research units, the leadership of the parties have total control over these. Despite formally being their employer, the Parliamentary Service does not control the units and other party staff, which means that the parliamentary leadership is able to decide exactly what type of work the units undertake. According to Klinkum, 'the Parliamentary Service is unable (and in any case unwilling) to challenge unit priorities which they know to be unacceptable to many Members' (Klinkum, 1998a: p.230).
a high level of compliance with the leader of the parliamentary wing. Also, because the party organisation received such ample resources, it was not required to recruit party members and activists for their voluntary labour and their provision of resources. Without a large membership or a healthy base of activists, the process was self-reinforcing, with the party organisation becoming even more dependent on the party leader and caucus. By controlling both wings of the Alliance, Anderton was better able to shift the party closer to the political centre, moderating its policies and marginalising its more radical and left-wing members. Even when the party began to split in 2001, Anderton’s caucus faction withdrew their MP tithes in an attempt to leverage back control. The ELU, too, was effectively closed down and its staff (including this author) were made redundant.

Within the parliamentary caucuses of the other New Zealand parties the state funding has been utilised in such a way that it becomes another tool for the leadership to control and discipline its MPs. For example, access to research units can be controlled by the leadership to punish or reward individual MPs. Klinkum has reported that 'ministers of the Fourth Labour Government may have sought to restrict the access of rebel backbenchers, such as Graham Kelly, to the research unit because they were not happy with the sort of views they were espousing' (Klinkum, 1998a: p.135).

The increase in state funding over recent years has clearly made political parties less reliant on their extra-parliamentary party for research and other staff-related assistance and therefore more reliant on the parliamentary professionals. David Lange has argued that there has been a direct correlation between increased state funding and the reductions of personnel and resources in the extra-parliamentary organisations (Lange, 1992a: p.164). In terms of the research units, their role in policy creation has generally been inversely proportional to the strength and interest of the extra-parliamentary party organisation in policy formulation. According to Klinkum, 'There is likely to be an inverse relationship
between high levels of extra-parliamentary party (EPP) policy input and the level of research unit involvement in policy development' (Klinkum, 1998a: p.176). When an extra-parliamentary organisation is strong and centrally involved in policy creation, there is a smaller role for the state-funded research units to play, and vice versa. The involvement of Labour's research unit in policy formulation has traditionally been less than that of National's research unit, due to the fact that the extra-parliamentary Labour Party has traditionally seen itself as a vital part of policy formation, while the 'National Party outside parliament have placed more emphasis on organising to win elections than on influencing policy. This has left policy making in the hands of the parliamentary party. With over worked Members, it has sometimes been the case that the research unit has filled the void' (ibid).

Obviously state funding also increases the professionalisation of the parties. By providing generous funding to the parties in Parliament to employ professional staff, the state makes the parties more professional-oriented, strengthening the position of party professionals by assuring their livelihood, and further creating a distance between the parties and the electorate. The locus of power has thus shifted within the parties, and certain individuals within the parliamentary staff have now emerged as key players in party affairs. As Laugesen has written: 'While the backroom kingmakers have always been around in the established parties, today's kingpins have emerged from the reliance that new under-resourced parties have to place on a few committed individuals' (Laugesen, 1996c: p.13).

Conclusion

New Zealand has an elaborate and generous system of state funding for political parties. This system is covert in the sense that the funds are widely used for purposes for which they are not officially intended. This chapter looks at the
debate about whether parties should be supplied with such generous state resources or freed from such state patronage. It has argued that making parties seek out their own sources of income would be beneficial to the party system because this would encourage political parties to reconnect with various elements of civil society. Parties without support from civil society would be allowed to fade away rather than be kept alive by state subsidies. Furthermore, parties without substantial amounts of capital would be forced to develop alternative means of communication and persuasion (as the Green Party did in the 1999 election campaign). The inflation in election expenditure might also be reversed, and election campaigns might become less of a 'media circus'. In an ideological sense, the removal of subsidies would encourage parties to be more politically distinctive. This is necessary because as parties become increasingly state-orientated, and are correspondingly less firmly tied to their bases of support in society, they are becoming more politically bland and centrist.

Significantly, the exploration of the state-party financial relationship in this chapter illustrates that although the New Zealand parties have been in decline in the electorate, the leaderships of the parties in Parliament possess more resources than ever before. They have adapted to modern conditions by penetrating the state and obtaining its resources for themselves. They have been helped in this task by the Parliamentary Service's 'corruption management', whereby the misuse of millions of dollars of resources for party-political purposes is either ignored or explained away. Such state-subsidised privilege is, however, vulnerable to voter backlash. Accepting and extending these resources while at the same time pretending to be deeply rooted in civil society lays parties open to the resentment of voters who prefer their parties to be genuinely representative and thrive off the voluntary elements of civil society and not the compulsory elements of the state.

The increasing relationship between state and party is at the expense of the traditional linkages with civil society. Chapters Four, Five, Six and Seven have
shown how New Zealand parties have gradually become detached from civil society, and this chapter has illustrated the other side of the coin – the way that parties have become increasingly attached to the state.
Chapter Nine: State Regulation of Parties

The State Regulation of Parties

After functioning in the past as voluntary organisations embedded in civil society, New Zealand political parties are increasingly linked to the state. The erosion of the linkages between parties and society has been examined in chapters Four through to Seven of this thesis. Then Chapter Eight showed that the developing linkage with the state has been yielding considerable resources for the parties. At the same time, however, this linkage has involved increased regulation of the parties. How and why political parties have become subject to greater regulation is detailed in this chapter.

The issues of state linkage revolve around the distinction between whether parties should be regarded as public or private institutions. Traditionally in New Zealand, parties have been deemed to be private organisations, and therefore the public have held that the state should not have too much control or influence over them. Increasingly, however, voters regard parties as public organisations that perform a governmental and public role, and therefore should be carefully monitored and regulated by the state. This shift from private to public means New Zealand is joining the majority of advanced industrial countries that afford political parties little autonomy from the state.

Part One of this chapter examines the historical background and the reasons for the recent increase in regulation. Part Two details the new regulations and Part Three discusses the impact that increased state regulation has had on the New Zealand political system. The chapter argues that state regulation evolved partly
Chapter Nine: State Regulation of Parties

as a response to the public's disillusionment with political parties and partly due to the parties' decline as mass membership organisations embedded in civil society. It concludes that parties are now over-regulated. Ideally parties should have their private status re-established and be 'given back' to their social constituencies. This might help reassert democratic control over parties and help strengthen their links with those they purport to represent. It would also be preferable if civil society could monitor the parties and thus help them to be self-regulating. This would involve journalists and political scientists playing a strong role as watchdogs on political party activity. However, such a model of party regulation by civil society looks increasingly unlikely to occur.

Part One: Historical Background and Transition

New Zealand's party system developed after 1890 in an electoral system and political culture that did not legally recognise political parties. Despite becoming central to the country's governance, the parties evaded public scrutiny of their internal operations due to a widespread belief that they were 'private associations'. Until 1956, there was no mention of political parties in law and it was only in the 1970s that their names began appearing on ballot papers. This suggested the relationship between political parties and the state was very weak, with the parties receiving very little recognition from the state. Over the last decade, however, the status of parties has been shifting due to new state initiatives, such as the registration of political parties, their receipt of substantial indirect state funding, the requirement to disclose donations and election expenditure, and the shift to party-based proportional representation. Moreover, public suspicion about unfair candidate selections has led to legal requirements that such selection processes be democratic. This section details this transition. It argues that state regulation of parties in New Zealand has evolved because of the increase in 'anti-partyism', the introduction of MMP, and the general erosion of parties' memberships and links to civil society.
This private-public debate is relevant to party systems throughout the world, and in practice there are many variations in the degree to which parties are regarded as residing in the public domain. At one extreme, the internal operations of political parties in the United States are subject to very detailed legal regulation, while at the other end of the spectrum, the United Kingdom has been – despite being the home of the regulating state – probably the least intervening:

The [UK] political system operates with low levels of regulation across the range of activities. The parties in both their public face and internal organisation are almost entirely private, and subject to a very minor degree of regulation and almost no scrutiny (Johns, 1999: p.91).

Meanwhile, according to Gary Johns, ‘countries such as Australia, New Zealand and Canada indicate a middle position’ between the US and the UK (Johns, 1999: pp.91-92). However, in 2000 the UK established a number of new laws regulating parties. Therefore the UK and New Zealand’s recent moves towards the regulation of political parties are bringing the party systems more into line with countries like the US.

Right up until the 1995 amendments to the Electoral Act 1993, political parties in New Zealand existed mostly without any special legal status. Writing in 1994, political scientist Tony Wood pointed out that ‘There is a gap between the role that political parties play in our political system and the recognition of political parties in our constitutional forms’ (Wood 1994: p.175). The Royal Commission on the Electoral System (RCES) also pointed out in 1986 that, ‘At present our electoral legislation largely ignores the existence of political parties’ (RCES, 1986: p.265).

1 Likewise, countries such as Belgium and Ireland generally regard their political parties ‘as unincorporated associations or private voluntary organisations and their existence is not regulated by law’ (Pinto-Duschinsky, 1998). In these countries ‘political parties are de facto associations and do not have legal personality; hence their accounts are not subject to any fiscal control’ (ibid).

2 According to Johns, ‘These are examples of parties which retain a private status, but have a propensity to accept the largesse of the state as it suits their needs’ (Johns, 1999: p.92).
The relationship between political parties and the state in New Zealand is problematic because, according to Margaret Wilson, 'Political parties have held an ambiguous position within New Zealand’s constitutional arrangements', being partly private and partly public, but not entirely either (Wilson, 1998: p.169). In the past, the parties regarded themselves as private organisations, and society and the state generally agreed. Whenever issues have arisen about the size of their memberships or their financial affairs, the two main parties have been guarded about providing details, arguing 'that they are voluntary, private organisations' (Jackson and McRobie, 1998: p.297). For some time it was largely accepted that the political parties were self-regulating and their internal operations were their own business. The rules for selecting parliamentary candidates, for example, were left entirely in their own hands, party finances were kept largely secret, internal rules were beyond state scrutiny, and they enjoyed no special legal recognition from the state. Wilson has elaborated on this self-regulation:

As voluntary private organisations, political parties regulate their own affairs, by rules that are scrutinised and enforced by active membership. The rules of political parties are mainly directed towards regulating the participation of party members in the formulation of policy and the selection of those amongst their numbers to represent them in the most competitive contest of all, the General Election (Wilson, 1998: p.169).

Clearly, the absence of state regulation resulted in a high degree of autonomy for the parties. By operating as 'private associations', parties were often able to organise themselves within this framework without any state recognition. For example:

Political parties were free to register under the Incorporated Societies Act 1908, which provided that voluntary bodies such as sporting bodies, charitable organisations and others not existing for pecuniary gain could become incorporated. The Act provided for their management, control and dissolution in a regulated manner while avoiding the more complex provisions of the Companies Act. There was, however, no requirement to
be registered and little control of any sort over their activities (Jackson and McRobie, 1998: p.296).³

That New Zealand’s political parties remained unregulated or without legal status for so long was probably because the parties themselves desired to remain outside the jurisdiction of state control. Wilson has commented that, ‘As voluntary organisations, political parties have been protective of the right to manage their own internal affairs. They therefore resisted legal categorisation and control’ (Wilson, 1998: p.172). Similarly, Geoffrey Palmer, writing in 1992, puts the anomaly of parties lacking legal recognition down to their self-interest in avoiding public and state interference in their affairs: ‘political parties are amongst the least regulated of all the institutions in our society. They are much less regulated, for example, than public companies. Indeed the form of legal personality of political parties has kept it as primitive as possible, deliberately’ (Palmer, 1992: p.132). It seems that historically the two main parties dominated and controlled the legislature and thereby avoided their own party organisations becoming restricted by the state. This is in line with Bernard Hennessy’s theory that ‘parties will be only minimally regulated by law in states where... two mass parties are both electorally strong and agree in the legislation to leave themselves as free as possible from legal restrictions’ (Hennessy, 1968: p.11). This meant that for many decades the issue of state intervention in their affairs was never allowed to emerge onto the political agenda.

There was possibly also an issue of principle involved. Some politicians and parties hold to the ideal that the state should not interfere in their internal affairs, and should generally be kept at a distance from the political organising activities of civil society. It is felt that the intervention of the state into internal party affairs undermines their voluntary and private nature. The belief exists that parties should not be ‘public utilities’ but the expression of society’s varying interests. In

³ Most parties, however, chose not to register as incorporated societies, as such an arrangement placed obligations upon parties to disclose certain details of their financial operations, such as income and expenditure.
Britain such a view was put forward in the minority opinion of the 1976 British Royal Commission on Electoral Reform report: ‘We think it mistaken and possibly dangerous to suggest that any work can be required of a political party – by the State, by Parliament or by anyone other than its members’ (quoted in Johns, 1999: p.91). Thus, the belief that parties should not be closely inter-related with the state is not just the self-interested belief of the parties, but an important philosophical viewpoint about the freedom to organise politically (which, as shown later, has ramifications for ideological competition in the party system).

The lack of legal recognition and regulation is also partly explained by the fact that New Zealand’s parliamentary system, electoral system, and political culture were established before the development of organised political parties. As a result, the electoral rules tended to ignore the role of political parties in elections. Even when the Electoral Act 1956 was enacted, it barely acknowledged the existence of political parties, and instead the rules related more specifically to the election of individuals representing geographically-defined groups of voters. Alan McRobie has outlined the history of the state’s infrequent recognition of the part played by parties in elections:

When consolidated in 1956, the Electoral Act included only one reference to ‘party’ – s 127(2) declared that it was not an offence to wear or display party emblems on election day. Since 1975, the number of references to ‘party’ in the Electoral Act has risen to five. In 1975, the Act was amended to require each candidate’s party designation to be included on the ballot paper (repealed in 1980 but reinstated in 1990) and for returning officers to deliver a list containing the names of all candidates and their party affiliations to each residence (repealed in 1977). In 1977, the Act was amended to require candidates or party officials to authorise election advertisements and in 1981 it was amended to permit political parties to make submissions to the Representation Commission before it commenced deliberating (McRobie, 1995: p.312). According to McRobie, ‘It is also noteworthy that prior to 1957,
The ongoing avoidance of recognition by the state can also be partly explained by the fact that New Zealand politics has been dominated by the 'liberal constitutional' model of parliamentary activity, which has meant that MPs have been viewed as electorate representatives rather than party representatives. Regarding MPs virtually as independents, the liberal constitutional view has been somewhat hostile to the existence and role of political parties. As explained in Chapter Ten, the liberal constitutional model regards political parties as a restriction on the democratic and free debate between MPs.

When the RCES studied the position of parties in 1986, it accepted 'the essentially voluntary character of the political parties' (RCES, 1986: p.267). However parties were also seen by the Commission as being public, as Wilson has commented: 'Political parties then were seen by the Commission as being not only organising devices for the management of paid politicians in Parliament, but also organisations through which policies were developed for presentation to, and legitimation by the voters' (Wilson, 1998: p.171). As a result, the Commission sought to correct the ambiguity by recommending greater state acknowledgment and control of political parties — in particular by requiring a registration process. The implementation of that recommendation has done a great deal to change parties from private to public institutions, yet the Commission believed that registration would 'not deny the essentially voluntary character of the political parties' (RCES, 1986: p.267). Colin James has differed, commenting after the introduction of registration, that 'Parties are in that sense less private affairs as a result of that change' (James, 1998a: pp.180-181).

The registration and regulation of political parties is often proposed as a result of the state funding of parties (Seyd, 1998a: p.202). It is felt that in exchange for the resources they accept from the state, political parties should concede some of candidates' party affiliation were not included in the parliamentary paper detailing the election results' (McRobie, 1995: p.312).
their autonomy and privacy. Certainly in other countries, many of the rules about political parties have been ‘adopted in the wake of the granting of state subventions’ (Mair, 1997: p.142). Generally, wherever it has occurred, state funding has directly led to party registration and other regulations being introduced by the state. This is partly because of the necessity of defining political parties in law if they are to receive state funding. Likewise, because of the usual requirement that demands state-assisted voluntary organisations be democratic and accountable, the state also requires political parties to meet these minimum criteria. This danger of encouraging undue state interference in the internal affairs of a party has led Patrick Seyd to argue against state funding: ‘Legislators would be tempted to intervene and stipulate who in the party’s rules would be eligible to stand and vote in the election of executives and officers, and who would compose the "selectorate" to choose parliamentary and local government candidates’ (Seyd, 1998a: p.204).

In New Zealand, too, it is possible that the political parties’ increasing reliance on state funds is related to the move to state recognition and registration. This is in fact one of the arguments made by James in favour of state intervention (James, 2003b). Johns has argued, however, that New Zealand parties have accepted the intervention of the state without any corresponding financial compensation:

The New Zealand case is ‘asymmetrical’ because it accepts (potential) intervention in its internal affairs. However, it does not receive much in the way of campaign assistance – a rather noble form of asymmetry! It has recently undergone a major transformation, where there is a requirement in legislation for democratic procedures in candidate selection (Johns, 1999: p.92).

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6 Pinto-Duschinsky has documented how, ‘A legal status for political parties is associated with systems where extra-parliamentary party organizations receive funding from the state’ (Pinto-Duschinsky, 21 Sep 1998: pp.1-3). In New Zealand, the extra-parliamentary party organisations are only allocated a relatively small amount of funding (for election broadcast advertising). But as Chapter Eight has shown, the New Zealand parties do in fact receive substantial public funding (through Parliament) that is used for purposes that in most countries would be performed by the extra-parliamentary organisations.
Funding and regulation appear to be inter-related and have the effect of encouraging each other.\(^7\) For example, in 2000 the Labour Party called for an increase of direct state funding, by arguing that the increased regulation of political donations justified it (Armstrong, 2000).\(^8\) Some in National too, such as ex-president Geoff Thompson, have argued in favour of state funding, suggesting that it is the logical 'outcome of more rigorous rules on disclosure of donors and "clamping down" on private funding' (Gardiner, 2000).

A more important cause of the increased state regulation of parties in New Zealand is the erosion of parties' memberships and links to civil society. The shift to electoral-professional parties described in Chapter Six has meant that the extra-parliamentary wings of the parties have dwindled in size and purpose. This decline means parties are now less able to govern themselves. Alienated citizens must rely on a third party (the state) to regulate and monitor the parties with which they are no longer involved. The parliamentary parties no longer have large and vibrant party memberships and activists to keep their leaders and officials in check. They also do not have strong connections with civil society that do likewise. Rather, today's elite-cadre type parties are headed by leaders and officials who are increasingly unanswerable to anyone in their own organisations.

The self-interest of Labour and National also comes into the story of the increasing regulations such as the limitations placed upon election expenditure. This consensus can be seen in the fact that both major parties in 1987 gave submissions to the RCES supporting the retention of limits on candidates' election expenditure (Harris, 1987b: p.45). Similarly, a ban on political parties buying their own broadcast advertising means that the New Zealand parties have

\(^7\) In fact, as Chapter Eight has shown, there was a substantial increase in indirect state funding for political parties prior to the introduction of state registration.

\(^8\) Labour has called for greater regulation of donations to political parties (a ban on anonymous donations) and, at the same time, argued that the result of the increased regulation would be a 'substantial loss' of revenue for parties and that therefore the state should provide compensatory funding in exchange (Bain, 2000b: p.2).
been able to keep in check what is in other countries the heaviest campaign cost. The limitation on election expenditure (which is detailed later in this chapter) is the equivalent of an agreement between nations to ban certain costly types of weapons and thereby avoid an excessive 'arms race'.

Calls to regulate parties are not new, and as early as 1948, political science professor Leslie Lipson was advocating greater controls and monitoring of political parties:

Certain current defects could be removed if more publicity were attached to party affairs, for the conception that the internal management of a party's business is purely its own concern is a juristic fiction devoid of political validity. Furthermore, the parties which seek to operate the democratic process must themselves be organized in concord with democracy's principles (Lipson, 1948: p.251).

Because Lipson was writing before the rise of any substantial anti-party sentiments, such suggestions of regulation did not have much currency. As examined in Chapter Ten, anti-party feeling increased significantly after the breakdown of political consensus in the 1970s and the violations of political culture by Labour and National governments in 1980s and 1990s. This growth in anti-partyism then started to make calls for regulation more influential. Similarly, Jack Vowles believes that the debate in New Zealand about campaign spending limits and the disclosure of donations really only began following the Labour Party's 1987 election campaign, where the party was widely alleged to have spent over $3.5 million, which was mostly made up of business donations (Vowles, 2002b: pp.420-421).

As a response to the declining credibility of New Zealand's democratic institutions, the recommendations of the 1986 RCES began to be taken up in the late 1980s, partly to restore the public's faith in the democratic process. The RCES had advocated, among other things, a number of state controls and regulations on donations to political parties, with the overall aim of making their

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financial affairs more transparent. Subsequently, political pressure forced the Fourth National Government to implement some of its recommendations in 1995, albeit in an altered form. This was also closely related to the shift to MMP. The change in the electoral system finally gave political parties legal status. This was primarily because parties are explicitly central to elections that use a list system of representation and therefore they could no longer stay outside some sort of legal recognition. The RCES recommended that political parties should be required to register with the state in order to be eligible to contest the party vote under MMP. The Electoral Law Select Committee endorsed this finding, leading to its enactment in the Electoral Act 1993. In order to carry out the registration process, the Electoral Commission was established. The intention was to create a body that would function independently, strengthen the independence of electoral administration from governments and enhance public confidence in the integrity of the electoral system. However, National and Labour then manipulated the rules so that prior to each election, when the Electoral Commission comes to the important task of distributing election broadcasting funds, these two parties have representatives co-opted onto the Commission. The decision-making process of the Commission has thus been politicised.

The effect of the public's anti-partyism has clearly been to increase the pressure for political parties to be reined in and restricted by any means possible, and the

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10 The Electoral Act 1993 gave the Commission the tasks of supervising the legal and administrative arrangements relating to elections, providing advice to the Minister of Justice and the parliamentary select committee, and promoting public knowledge about electoral matters (Electoral Commission, 2000a). Previously, some of these roles had been carried out by a variety of bodies, such as the Broadcasting Standards Authority, which made the allocations of broadcasting time and money to the parties at elections.

11 This process was carried out in October 1995, by the Broadcasting Amendment Act, introduced by the Minister of Broadcasting, Maurice Williamson, and supported by the Labour Party (Jackson and McRobie, 1998: p.292). The National-Labour amendment increased the Commission's membership by two persons – one to represent the Government and the other to represent the Opposition – whenever it carried out allocations to political parties. See also: Pinto-Duschinsky (10 Sep 1998: pp.1-2). The previous body responsible for broadcast allocations, the Broadcasting Standards Authority, also had representatives from Labour and National on it.
state became the obvious mechanism through which to do this. The public's anti-partyism also corresponded with the elite post-corporatist beliefs held by leading politicians, who also believed that parties — or at least the extra-parliamentary organisations — were too strong.\textsuperscript{12} Parliamentarians therefore deliberately attempted to reduce the power of political parties by, in effect, making them public property.

Against this anti-party political wave there have been few commentators defending the right of political parties to retain a private non-legal status. Instead, most journalists and academics have tended to view the private and closed-nature of the parties as a barrier to their research and thus as an obstruction to democracy. A good example of this is the following statement from James:

\begin{quote}
Party officials do tend to regard parties, as... under no obligation to divulge information to the media (and so the voters). But in my opinion they are public organisations, seeking control over public money and the mechanisms of public coercion. That the 1993 Electoral Act finally recognises parties after their mysterious shadow-life under the make-believe electoral laws we used to have implicitly recognises this (James, 1998a: p.180).
\end{quote}

Elsewhere, James has similarly argued, ‘Political parties like to believe their rules are private. But as public institutions, they should be accountable to the electorate’ (James, 1996c).\textsuperscript{13} In reply it might be said that political parties are in fact accountable to the electorate through the most democratic and effective means possible — general elections. Voters alone should be the ones who decide whether a party should be trusted and whether their style of operation is appropriate. Being voluntary organisations, political parties do not oblige anyone to join them, and therefore the rules of parties and their internal activity should only be the business of their members.

\textsuperscript{12} See: Chapter Ten.

\textsuperscript{13} Likewise, James has stated: ‘Political parties claim the public’s votes to do the public’s business. They take public funds for election campaigning. That makes them in a strong sense public bodies, not private clubs, and logically accountable to the public — the more so since both Labour after 1984 and National after 1990 gravely betrayed public expectations’ (James, 2003b).
Part Two: Mechanisms of State Regulation

This section outlines the current forms of regulation of political parties.

Registration of Parties

Since 1994 the Electoral Commission has been responsible for registering political parties and their logos. The registration processes for political party names and logos are separate. For instance, a registered party is not required to register a logo and an unregistered party is able to register its logo. Parties that are unregistered cannot, however, submit a party list and compete for the party vote, and are only allowed to put forward candidates in electorate contests.

A central element in the registration process is the requirement for political parties to have 500 members. According to the Chief Executive of the Electoral Commission, Paul Harris, the registration process and the requirement that parties have a certain number of members, provides some assurances to voters that the parties they vote for are 'reasonably substantial organisations' (Harris, 1997b: p.214). The reason why it is necessary for parties to be 'substantial organisations' is not officially stated. Clearly the 500-minimum membership required for registration is based on the mass membership model idea in which that party size is important. Consequently, this rule makes no allowance for parties that do not seek to be mass membership organisations. A good example of the restrictiveness of this is provided by the Future New Zealand party launched by Peter Dunne in 1994 when he left the Labour Party. The party was more of an elite-cadre party than a mass party, and consequently it failed to meet the requirements of the registration process. It seems that the rules of registration are designed to inhibit smaller parties from participating. What is not

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14 It was reported in March 1995 that Future New Zealand's membership numbered 'in the hundreds' but still below the 500 mark needed to register with the Electoral Commission (Edwards and Boyd, 1995: p.7).
clear is how such parties can become more substantial parties without first having the ability to participate as registered parties. These rules, set by the parties that were already in Parliament in 1995, appear to have been established to give themselves an advantage in the electoral market. It is noteworthy that the RCES and the select committee recommended the minimum number of members required should be 200. Parliament, however, decided that the figure should be 500. ¹⁵

The Electoral Act also gave the Electoral Commission the power to 'require a party to provide the Commission with either a list of the names of current financial members, or with personally signed and dated declarations from at least 500 current financial members who are eligible to register as electors' (Electoral Commission, 1997b: p.7).¹⁶ This requirement created an issue of privacy for the parties, many of which believed that internal party information — such as the names of people belonging to a political party — should not be in the public domain. However, because the Commission is subject to the Official Information Act, it could not guarantee the protection of confidential information provided by the parties:

the Electoral Commission may be asked under the Official Information Act to release the list of members or the declarations a party has provided to the Electoral Commission for the purposes of registration. The Commission would have to consider each request in the circumstances, taking into account the provisions of the Official Information Act and the Privacy Act (ibid: p.7).

¹⁵ In 1998 the Electoral Law Select Committee recommended that the registration process be tightened further, so that political parties would be required to annually submit a 'statutory declaration concerning the party's aims and objects, its membership rules and that it continues to meet the statutory membership requirements for registration' (Electoral Commission, 1998c: p.12). Some have also wanted the 500 member threshold to be raised — for example, in 2001 the Alliance suggested a figure of 1000 members (Alliance, 1999).

¹⁶ As well as requesting membership information for registration, the statutory requirements of the Electoral Act mean that the Electoral Commission enquires about membership information from those parties that apply for election broadcasting money, so that the Commission can determine the division of the state funding.
Although the Commission stated its reluctance to release such information, it did admit that internal-party information would be released to the public if the Commission ‘was satisfied that it was necessary in the public interest based on its responsibility to ensure the integrity of the registration process’ (ibid). The Commission suggested that, ‘A party may request the Commission to keep membership information confidential’, but pointed out to parties that any refusal to release information to the public about the parties could be subject to an appeal to the Ombudsman (ibid).

Restrictions on Party Names and Logos

The Electoral Commission is able to place some restrictions upon the names and logos that parties register. The main intention of this role is to give parties some protection against other parties that might choose to operate with similar names or logos. Party registration therefore acts somewhat like the registration of a corporate trademark, with registered parties choosing both a full name and abbreviated name.

The regulations include criteria by which registration can be refused – for instance, ‘a party may be refused registration where its proposed name is considered indecent, offensive, excessively long or likely to be misleading’ (McRobie, 1995: p.331). Elements of this criterion are obviously somewhat arbitrary and subject to the dictates of the individual members of the Electoral Commission. Furthermore, in relation to the censorship of ‘offensive’ party names or logos it might be argued that, in a democratic society, all political parties should have the right to be offensive.

17 The Electoral Commission in New Zealand has refused to register some parties – in the 1997/98 year one party was refused registration because their name was ‘likely to cause confusion or mislead electors’ (Electoral Commission, 1998c). Returning officers are also able to reject a candidate’s party name on the basis of ‘elector confusion’ (Electoral Act 1993: s.151).

18 Under these regulations a member of the public was able to challenge the right of the Aotearoa Legalise Cannabis Party to use their party logo because it involved the image of a marijuana leaf. Although the
That the state should be given the power to determine what is politically acceptable should be questioned. This is made apparent by the example of the candidate known as Jesus Christ, who was refused the right to stand for office in the 1972 general election. The Chief Electoral Officer deemed that the nomination was 'offensive and not made in good faith' and an amendment to the Electoral Act was used to refuse the nomination (Cleveland, 1977: p.143). In contrast, and perhaps inconsistently, during the same election, a candidate with the name Mickey Mouse was deemed acceptable by the Chief Electoral Officer. Similarly, socialist parties have at times been threatened with bans by the state – for example, National Prime Minister Robert Muldoon considered passing legislation to outlaw the Socialist Unity Party.\(^\text{19}\) It is therefore conceivable that if the New Zealand state is given powers to prohibit the involvement of certain parties from contesting the party vote in elections, parties that are seen as too far outside the political centre might be excluded for ideological reasons. Already in some Western countries, certain ‘extremist’ parties can be declared illegal by the state. For instance, according to German Basic Law, the German Federal Constitutional Court ‘has the power to declare that a party constitutes a threat to freedom and democracy and is therefore unconstitutional, in which case it orders that party's dissolution’ (quoted in Johns, 1999: p.91). Similarly, the Italian constitution states that ‘the reorganization of the Fascist Party is forbidden’ (quoted in Bianco and Gardini, 1999: p.22). Likewise, in Spain, parties with links to the ETA Basque liberation campaign are outlawed.

\(^{19}\) See Barnett (2000: p.11). It should be pointed out, however, that all Electoral Commission decisions on registration can be subject to judicial review (which could encompass Bill of Rights issues).
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It might also be argued that the rules protecting party names give unfair advantage to existing parties. Instead of having their names and logos specifically regulated by the state, political scientist Michael Pinto-Duschinsky therefore advocates that parties should be subject to the same rules as other organisations in civil society:

If an existing party splits into two factions, each wishing to use the party name for its candidates, the state should not attempt to step in and set internal party rules to decide the rights of the rival factions. If one faction is determined to take legal action against another, it should be on the basis of the law that applies to everyday private organizations, such as sports clubs or stamp-collecting societies (Pinto-Duschinsky, 1998).

If this argument is taken to its logical conclusion, it suggests there is no good reason why political parties should not operate, in all manners under the same civil laws that regulate other private organisations in New Zealand.

Limitations on Election Expenditure

Restrictions on election expenditure have long been a part of the Westminster parliamentary tradition. In New Zealand, the Corrupt Practices Prevention Act of 1881 specified a limited number of goods and services that candidates could purchase during the campaign. The legislation remained essentially the same for over a hundred years, with adjustments being made for the allowable expenditure for each candidate (Harris, 1987: p.33). Prior to amendments made

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20 In Britain, according to Pinto-Duschinsky, 'factions that break away from an existing party are not permitted to refer to themselves by the title of 'Independent' combined with the name of the party from which they have split. The breakaway faction must choose a completely different name, thus losing the electoral advantage of a name that indicates its roots in the 'old' party (Pinto-Duschinsky, 1998:). Such a situation has not yet been tested in New Zealand.

21 See: Harris (1987: p.34). Allowable expenditure included employing 'a limited number of scrutineers, clerks and messengers, personal expenses, the costs of printing, advertising, stationery, postage, telegrams, public meetings, and the hire of committee rooms' (ibid: p.32). The Act also allowed a limit of £25 to be spent on 'miscellaneous expenses' (ibid). Between 1895 and 1948, the expenditure limit for each candidate remained at £200, after which it was raised to £500. It was again raised 'to $1500 in 1971, to $2000 in 1975, to $4000 in 1977, and to $5000 in 1983' (Harris, 1987: p.34).
in 1995 to the Electoral Act 1993, candidates were limited to spending no more than $15,000 in the three months before the date of a general election.

Changes to the statutory limits made in 1995 were highly significant because they now concerned political parties rather than simply electoral candidates. From this point on, individual candidates were limited to expenditures of $20,000, while registered parties contesting the list vote were given a limit of $1 million plus $20,000 for each constituency seat that they stand in.22 This means that list parties currently have a maximum campaign expenditure of nearly $2.4 million (not including expenditure of state money on broadcasting).23 This limit applies to that spending which might broadly be described as advertising. This includes 'publishing, issuing, distributing, or displaying addresses, notices, posters, pamphlets, handbills, billboards, or cards' (Electoral Commission, 2002b: p.7).24

Again, the definition of 'election expenses' also includes goods and services that the party has acquired at a discounted rate or without cost – thus a party must record the true market value of the goods and services used in the campaign, and that amount forms part of the party's allowable spending limit. The Electoral Commission has also pointed out to parties that they 'should be aware that this will include the value to the party of any taxpayer-funded parliamentary postage'.

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22 See: Electoral Act (1993: s.214B(2)). The total expenditure limit varies from election to election as the number of electorates varies. Parliamentary by-election campaigns also now have an expenditure limit of $40,000 – up from $30,000.

23 Mulgan has argued that the limits on expenditure are 'set at relatively high levels which allow considerable variation in the amounts actually spent by different parties' (Mulgan, 1997a: p.253). However, as pointed out in Chapter Seven, election expenses have skyrocketed since the mid-1980s, and in 1987 the Labour Party is believed to have spent over $4 million dollars, and in 1999 the National Party spent $2.7 million (including state funded advertising), which put it just short of the limit.

24 Prior to 2002 there was some confusion about what constitutes election expenses, and in its disclosure of expenses for the 1999 general election the National Party appears to have included items such as travel and opinion polling, which do not count as election expenses as defined in the Electoral Act.
Chapter Nine: State Regulation of Parties

(Electoral Commission, 1996b: p.6). 25 Anomalously, however, the money allocated from the Electoral Commission for election broadcast advertising does not count towards the party's electoral expenses. This is an issue of contention for the Act party, which claims this rule operates to benefit those parties that obtain large allocations of broadcasting money. Such parties effectively have a much higher state-imposed expenditure limit, and Act regards this is an iniquitous anomaly:

In so far as the professed intent of the election spending limits, is to prevent one party (through its access to money) overpowering other parties unfairly through the media, the exclusion of state funded broadcasting and television time from a party's Election Expenses, is a complete anomaly (Tate, 1999: p.2).

Act argues that this exclusion is part of an attempt on the part of the established parties to maintain their financial advantage:

The only other explanation for such an exclusion, is that National and Labour expect to get a generous share of the overall state broadcasting time and funding available; and have legislated themselves a real advantage by not counting such government funded broadcasting as within the overall limit of 'Election Expenses' (ibid).

It is noteworthy that the media also do not include Electoral Commission allocated election funding within their reports of the election expenditure of the parties. This thesis, in contrast, combines these figures when discussing election expenditure. Obviously, this area requires reform.

The limitations on election expenditure also discriminate against parties that are rich in financial resources in favour of parties that are wealthy in voluntary labour resources. This, of course, is justified by the need to produce a 'level playing-

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25 This rule is a misnomer in the sense that although parties commonly use their parliamentary budgets for electioneering (see Chapter Eight), they are officially prevented from doing so, and therefore are not able to include such expenditure in the election expenditure returns.
field' of electoral competition.\textsuperscript{26} It is generally agreed that it is not fair for parties to be able to 'buy' their way into office. Nevertheless, the fact that the limitations apply only to capital resources and not to the labour resources of the parties might make this regulation appear unfair. Clearly, some parties have better access to labour resources than others do, and this allows them a considerable campaigning advantage.\textsuperscript{27} For instance, Mark Stonyer of United New Zealand has contrasted his party's lack of available labour with the Alliance's access to non-working people:

Matt McCarten took 45 people to the King Country-Taranaki by-election and had them door-knocking in every little township and well organised. There were volunteers with mini-buses and they did the whole thing and they gathered their vote and they enhanced their vote that way. We haven't got those resources - mostly because we would be struggling to find 45 people who weren't working for the three weeks of an election campaign to go and do it (Stonyer, 1999).

Clearly, it seems that parties that have greater activist numbers – and whose activists are retired, unemployed, independently wealthy and so forth – are advantaged by the regulation of finance. It could be argued, therefore, that if there are going to be restrictions on the use of capital resources, it would be appropriate to place restrictions on the use of labour. If the quid pro quo limits were introduced on volunteer time, this would make explicit the limitation on freedom of expression that such rules produce. Such an unacceptable scenario illustrates the difficulties and absurdities of imposing restrictions on political activity:

if a professional such as an accountant or lawyer, who normally charges clients on an hourly fee-for-service basis, provides his time for nothing and uses that time to provide his usual professional services, it is possible to put a financial figure on the value of the time and the service that have been donated to the party. But it is rarely possible to calculate the value of volunteer time on a commercial basis (Pinto-Duschinsky, 1998).

\textsuperscript{26} The concept of a 'level playing field' is applied to political parties in that 'it is argued that unregulated political finance fails to guarantee a level playing field in the competition for power, thus undermining the right to equal political participation' (Fisher, 1999a: p.520).

\textsuperscript{27} The Electoral Act (1993: s.214B) specifically excludes the value of labour from its classification of election expenses if the labour was provided free of charge. This differs from goods and services provided free of charge, to which a value must be recorded.
The Labour Party has argued that unequal funding from business makes such limits on election expenditure necessary. Rob Allen, the General Secretary of the Labour Party in 1999, said that for the election of that year he expected the parties of the right to ‘collectively have five times at least the amount of money to spend on campaigning that the parties on the left had. So for every dollar that we and the Alliance spend, they will spend $5 on the other side on politics’ (Allen, 1999). However, this did not appear to be borne out by the declarations of election expenditure and broadcasting allocations for the 1999 general election. In that election, National and Act spent $2,746,648 and $787,807 respectively, while Labour and the Alliance spent $1,645,165 and $939,709. Using Allen’s comparison (and therefore disregarding New Zealand First and the Greens), it is apparent that for every $1 ‘the left’ claimed that they spent, the parties of ‘the right’ claimed that they spent $1.37.

In order to enforce the legal limits on election spending the state requires the disclosure of the relevant election expenses. Prior to the Electoral Act 1993, the state only required disclosure of the election expenses of individual candidates. It is now a requirement that registered political parties record all general election expenses incurred during the three months leading up to polling day. These recordings must be audited and submitted to the Electoral Commission within 50 working days of the declaration of the election of list candidates.28 The Electoral Commission then makes the disclosures available for public inspection.

Prohibition on Broadcast Advertising

In New Zealand, the state strongly regulates broadcast advertising by political parties, with both registered and unregistered parties being prohibited from purchasing any advertising on television and radio at election time apart from that which is allocated to them by the Electoral Commission. Essentially, parties are

28 The Electoral Act (1993: s.214C).
banned from spending their own money on television advertising.\textsuperscript{29} This is an anomaly, in that the parties can spend their own money on advertising in other mediums such as newspapers and magazines.\textsuperscript{30} When other countries, such as Australia and the United States, have attempted to introduce similar bans, they have failed because such laws have been interpreted as violating citizen rights to freedom of speech.\textsuperscript{31} However, when the legislation was introduced to New Zealand, the Attorney General decided that it did not violate the Bill of Rights Act (Robertson, 1999a: p.20).\textsuperscript{32}

Officially, the broadcast advertising ban is intended to inhibit parties from ‘buying’ electoral success, but in practice it advantages the larger parties who receive substantially more public funding for broadcast advertising than the smaller parties. The restriction particularly disadvantages cash-rich parties that might wish to spend money to compete more evenly against Labour and National. Combined with the unequal division of official broadcasting money, this ban means the Act party and others are restrained from competing on a level playing field. In effect, Act has been limited to broadcast expenditure of about 20 percent

\textsuperscript{29} The Broadcasting Act (s.70(2)(b)). However, parties are allowed to spend their own funds on the production costs for their permitted broadcasts – see the Broadcasting Act (70(2A), 74B(1)(a)).

\textsuperscript{30} In 1993 the National Party proposed allowing parties to buy limited amounts of television advertising time, but this was opposed by Labour (MacLennan, 1993). National’s proposal would have allowed parties ‘to spend their own money on purchasing airtime for advertising, up to a maximum limit of 50 percent above the largest allocation to any one party’ (ibid). Broadcasting Minister Maurice Williamson promoted the proposal with the view that ‘New parties and smaller parties will now be able to have at least some broadcasting time if they wish’ (quoted in MacLennan, ibid). Again in 1995 National proposed that a party should ‘be able to top up its tax-payer allocation to a level 25 per cent above the highest such allocation’, but failed to find enough support to pass the change (Luke, 1996). Surprisingly, the only party to support National was the Alliance, ‘which argued it would help small parties to air their policies’ (ibid). In 1999 the proposal was defeated yet again, with National’s coalition allies and the opposition parties – except for Act – opposing the proposed changes (Laxon, 1999b).

\textsuperscript{31} For example, in the early 1990s, the Australian Labor Government ‘enacted legislation to prohibit political advertising in the electronic media..... In the event the ban was ruled unconstitutional by the High Court in 1992 on the grounds that it prevented freedom of political communication’ (Jupp and Sawer, 2001: p.227).

\textsuperscript{32} This restriction was introduced though a Supplementary Order Paper which is not subject to Bill of Rights vetting.
of that of Labour and National in 1996, 21 percent in 1999, and 27 percent in 2002. According to Act, 'This is censorship. The only justification for the legislation under which this censorship was imposed can be that Parliament intended that equal time be made available for all parties. Any other allocation is contrary to the principle of free speech, undemocratic and must be an attempt to influence the outcome of the election' (Tate, 1999: pp.1-2). McRobie has supported this view, saying, 'the differential allocations of state funding and broadcasting time appear to run counter to the long-standing objective of providing all who seek elective office with equality of opportunity' (McRobie, 2001: p.190). Act MP Stephen Franks says, 'The current system was designed when there were two parties, keen to make sure that others couldn't get in' (quoted on TV3, 2002). Representing another minor party, Green MP Rod Donald has agreed, saying 'It's inherently unfair for the two main parties to get the bulk of the funding, and for other parties to not even be able to spend their own money to get a level playing field' (quoted on TV3, ibid).

Bernard Robertson has also argued that because of the existence of other election spending rules, the ban on buying election broadcasting time is unnecessary. The limitations on total expenditure in the Electoral Act mean that for high spending parties, the money spent on broadcasting is money they cannot spend on other forms of campaigning. Robertson also believes that 'The root of the problem is the idea that there should be any control on electoral expenditure. Such controls are simply a restriction on freedom of expression and are also inequitable in effect' (quoted in Hunt, 1996). Act asserted a similar view in their Minority Report to the Electoral Law Select Committee Inquiry into Broadcasting in the 1996 General Election:

Act New Zealand wishes to stress its view that political parties should be free to spend their own funds on advertising as they see fit and does not believe that taxpayer funds should be allocated for this purpose. Act New Zealand would be prepared to fund an

33 See also: Pinto-Duschinsky (3 Nov 1997), who points to the Czech Republic, India, Mexico and Japan, as having equal or nearly-equal distribution of broadcasting time or money to parties.
advertising campaign entirely out of funds provided by its members and supporters but is banned from doing so (Electoral Law Committee, 1998: p.15).

In a worse position than Act, parties that receive no state funding are denied any right to participate in broadcast advertising at all. The most significant examples of this are New Zealand First in the 1993 general election and the Progressive Coalition Party in 2002, when both parties did not meet the eligibility criteria for the allocation of broadcast time and were prohibited from purchasing their own time from their own funds.34

One of the biggest criticisms of the regulations relating to broadcasting has come from within the Electoral Commission itself. After 1996, the Electoral Commissioner, Paul Harris, told the Electoral Law Select Committee that ‘the current system of allocating time and funds to political parties for election broadcasting is unfair and unsatisfactory and the procedures required by the Act are very time-consuming, cumbersome and expensive’ (Harris, 2002b). These criticisms were repeated again after the 1999 general election. Then following the 2002 election, Harris called for a revamp of the rules on broadcasting funding, adding that, ‘A party should then be free to buy time for election broadcasting, subject only to a modest increase in the current limit on its election expenses, and perhaps also to a secondary limit on its election broadcasting expenditure’ (ibid).35 Harris described the Progressive Coalition’s exclusion from advertising in 2002 as ‘undesirable and undemocratic’ (quoted in Milne, 2002e). By contrast, in some other countries, such as Italy, electoral broadcasts are equal and free for all parties (Bianco and Gardini, 1999: p.26).

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34 However, individual candidates may broadcast (subject to their $20,000 limit) even if their parties do not receive broadcasting funding.

35 According to Harris, the current rules are unfair, confusing and restrictive. He also admitted the anomaly of the ban on broadcast advertising, saying that parties ‘can spend their own funds on newspaper advertising and maybe it’s time to bring election broadcasting out of the area it’s been restricted to’ (quoted in TV3, 2002).
Donations to Political Parties

In recent decades many Western democracies have made it compulsory for political parties to make information about their income sources public. In New Zealand, political parties have been required, since 1996, to disclose the names and addresses of all donors who have given more than $10,000.\(^{36}\) The records of donations for each calendar year must be audited and submitted by March 31 to the Electoral Commission, which makes them available for public inspection. Previously the Electoral Act specified that only electoral candidates – and not political parties – had to file general election expense returns. Candidates were required to itemise any donations received, but invariably they only revealed the donations in a lump sum and listed the donor as the local party branch or electorate committee, and hence the actual source of their funds usually remained hidden (Speden, 1995d: p.2).\(^{37}\)

The donation disclosure legislation for parties was passed in 1995, during the transition to MMP, when the party composition of Parliament was in flux and the National Government had lost its majority control on the Electoral Law Select Committee. In this situation both the Alliance and New Zealand First attempted to amend the Electoral Reform Bill to make the disclosure of party funding compulsory – a move that gained the support not only of the Labour Party, but of a number of ex-National Party MPs, such as Michael Laws. In his Disclosure of Political Donations and Gifts Bill, New Zealand First leader Winston Peters proposed that parties and candidates be required to disclose all donations of $500 or more and identify the donors. In contrast, Labour proposed more moderate legislation that put the threshold at $350 for parties at the electorate level, and a threshold of $3500 for the national level.\(^{38}\) Eventually a concession

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\(^{36}\) The Electoral Act (1993: s.214). Between 1996 and 2002 parties were also obliged to disclose any donations over $1000 at the electorate level.

\(^{37}\) Electoral candidates' returns do not have to be audited.

\(^{38}\) The RCES recommended thresholds of $250 at the electorate level, and $2,500 at the national level.
was made to National, whereby thresholds of $1000 and $10,000 were incorporated into the Electoral Act 1993.\textsuperscript{39} Later in 2002, the $1000 electoral threshold was removed, leaving a simplified $10,000 threshold for both the electorate and national level.\textsuperscript{40} The public are firmly in favour of regulating donations to the parties. According to a 1992 \textit{NBR-Mattingly} public opinion poll, ‘90 per cent of those polled believed all donations to political parties should be declared publicly’ (Laugesen, 1995).

The argument in favour of the compulsory public disclosure of donations to parties relates to the potential corrupting influence of donations on political parties and governments. Proponents of disclosure say that the best safeguard against such corruption is for the public to be fully informed about party finances, because as US Supreme Court Justice Louis Brandeis famously once said, ‘sunlight is the best disinfectant’. If such transactions are made public, then corruption is more likely to be noticed and is thereby discouraged. It is also argued that donation disclosure aids voters in understanding the likely policies, activities, and political style of a party, because the influences on the party are visible (Pinto-Duschinsky, 1998).

There have been a number of objections made against the state monitoring of donations. Most of these objections rest on the issue of ‘the right to privacy’ of either the political party or the donor. Such objectors have argued that the disclosure to the state and public of a party’s finances violates the right to privacy of belief and association. Those opposed to the encroachment of state intervention on individuals’ daily lives have argued that the secrecy of the ballot should logically extend to donations:

\begin{quote}
After all, it is now accepted that the old system of voting, where votes were cast in public, inhibited free electoral choice, since electors came under pressure to cast their votes according to the instructions and the interests of their landlords and their bosses.
\end{quote}

\textsuperscript{39} The Electoral Act (1993: s.214).
\textsuperscript{40} The Electoral Amendment Act (No 2) 2002.
Freedom necessitated a secret ballot. On the same lines, it may be argued that free participation in politics is liable to be inhibited if donors are forced to declare themselves. Wherever donors to political parties are obliged to reveal their payments, they are forced at the same time to declare their political allegiances. The principles of the secret ballot are negated (Pinto-Duschinsky, 1998).

Likewise, some on the left have argued that such regulation of political donations has far-reaching consequences for those political entities that challenge the status quo. Disclosure rules might have an inhibiting effect on the donations of money to opposition or radical parties, thereby contributing to ideological erosion by reducing the participation of non-centrist actors. Pinto-Duschinsky puts forward the argument that in societies or periods when opposition is less tolerated, ‘citizens will hardly dare to come out in open support of opposition candidates. Disclosure will strongly favour the governing regime’ (ibid). For this reason, in the United States the Socialist Workers Party ‘refused to publish its list of contributors because it might make them subject to police surveillance, and the Supreme Court upheld their exemption, citing their history of government harassment’ (Linton, 1994: p.81).

New Zealand’s disclosure rules are not as tough as in many countries, and appear to be a compromise solution to objections to, and support of, regulation. On the one hand, the rules accept that when donations are relatively small ($10,000 or less) then the right to privacy should prevail, but when donations are large (over $10,000) they must be disclosed. Significantly, there are also no limitations imposed on donations, although recently there has been some support from the public and politicians for a ban on donations from anonymous sources. The Labour Party, the Green Party, and the Electoral Commission have all stated

41 The New Zealand disclosure threshold is very high (and therefore lax) by international comparison: Australia: AUS$1500; Canada: CANS100; Germany: DM20,000; Greece: US$1225; Italy: 5 Million Lire; United States: US$100 (Pinto-Duschinsky, 1998).

42 See: Speden (1999k), Geddis (2002b), Oliver (2002), Revington (2002: p.32), NZPA (2002k), and NZPA (2003k). Interestingly, the Royal Commission originally recommended a law that political parties could not actually accept anonymous donations. The Electoral Commission has also said publicly that allowing significant anonymous donations undermines the integrity of the donations regime.
their preference for the rules relating to anonymous donations to be tightened. Some in National also support a ban on political trusts and anonymous donations. For instance, ex-party president John Collinge has said, 'I think that if you're going to make donations publishable, then you should disallow a device that enables you to hide where those donations come from' (quoted in Gardiner, 2000). And according to NBR-Mattingly's 1992 poll, 'Fifty-seven per cent said there should be a ban on business donations to political parties' (Laugesen, 1995). In the past New Zealand also had laws relating to the financial relationship between trade unions and political parties. Robert Milne has outlined changes to this legislation between the 1930s and 1960s:

The Political Disabilities Removal Act of 1936 empowered trade unions to make grants to a political party, even if this were not provided for in their rules. By an amending act of the National Government in 1950 it was stipulated that such political expenditure could be sanctioned only by a majority vote of the total membership (not just of the votes cast). In practice this provision was widely, and safely, ignored by the unions.... Unlike Britain, there is no provision by which individual members of unions can contract out of union contributions to party funds. Legislation by the Labour Government in 1960 substantially restored the 1936 provisions (Milne, 1966: p.105).

Since this time, the regulation of donations has been concerned exclusively with disclosure. This has still concerned party fundraisers. Prior to the introduction of state regulation of donations in New Zealand, arguments were made by party organisations that the public exposure of donors would lead to a reduction of funding to parties. The then president of the National Party, Geoff Thompson, stated that, 'The requirement to disclose political donations will lead to a drying up of funds. This is the overseas experience and although donations are likely to resume at a lower level, after 3-4 years, when donors get used to the idea of their

[43] This legislation has remained unchanged since 1960.

[44] In some countries, the regulation of donations by the state sometimes also extends to the proscribing of donations by certain organisations. In Brazil, Germany, France, Turkey, and the US there are restrictions on donations to parties by trade unions (Pinto-Duschinsky, 1998). In Germany, for example, 'Unions may not donate more than 10 percent of their budgets and they are subject to a specific tax of 50 percent on their political donations' (ibid). Likewise, in a number of countries, including Sweden, France, Italy Germany and the US, there are strong restrictions on corporations making donations to political parties (Doublet, 1999: p.70).
privacy being breached, funds for parties will be tight' (Thompson, 1995: p.4). This prediction has since been confirmed by both the Labour and National parties, who have complained about their problems attracting funding since the regulations came into effect.45

Despite the negative publicity about political donations, it can also be argued that the gifting of money to political parties is a democratic and justifiable act. According to Linton, 'Parties are vehicles for political action and people who want to effect political change will express their support for parties not just in votes and in voluntary effort, but in money' (Linton, 1994: p.1). The assumption that it is a negative thing for political parties to be influenced to deliver policies favourable to the financial backers is also a questionable one – although there are few people willing to defend the concept of the financial resourcing of political parties by partisan interests. Margaret Wilson, in contrast, has stated that she sees 'nothing wrong with people contributing to political parties expecting them to deliver the type of policies they support' (Wilson, 1998: p.173). Such a process is merely the consequence of different civil interests participating at the political level of society. As argued in Chapter Seven, Labour and National have traditionally been backed by various organised sections of New Zealand society, and this has generally had a positive effect on party politics. It became considered normal for interest groups, community organisations and businesses to be partisan, supporting their representative party with the supply of financial resources or just the legitimacy afforded by their endorsement. In more recent times, however, it has become fashionable to decry the linkage between party and societal institutions; the linkage between business and right-wing parties and between

45 For example, it was reported in 1996 that ‘National Party president Geoff Thompson told the party’s annual conference in June that National was already suffering a funding squeeze because of the new law’ (MacLennan, 1996: p.C4). According to Thompson, donors were ‘generally reluctant to have their privacy invaded’ (quoted in Armstrong, 1996). Likewise, in 1996 Labour’s president reported a significant decline in donations (MacLennan, 1996: p.C4). The 1997-2001 National Party president, John Slater, has confirmed the ongoing problems caused by the regulations, but suggested a renewed willingness to donate (Slater, 1999). See Chapter Five for more on the fall in corporate donations.
trade unions with left-wing parties has come to be seen as somewhat insidious. The endorsement of a party by an organised grouping has come to be associated negatively with self-interest and unseemly financial arrangements. Pinto-Duschinsky has argued that it is merely common sense for organisations to seek outcomes that benefit them:

The basic justification is that individual businesses, trade unions, and organisations representing groups of corporations or groups of unions are affected by government policies. They therefore have direct and legitimate reasons to try to secure the election of parties and candidates that will forward their interests. For instance, if a trade union wishes to secure legislation that sets a minimum wage or regulations on maximum permitted working hours, it may be necessary to lobby the government of the day to pass these measures. It may be equally or more rational to aid the election of union activists to the legislature who will work from the inside or to secure the return of a new government that is committed to these reforms (Pinto-Duschinsky, 1998).

The fact that these societal organisations are the expression of collective voices makes their political interventions an obvious avenue for citizens to participate in the political process. After all, collective action by like-minded citizens is likely to be more effective than the actions of the individual:

A contribution by a single individual is unlikely (unless it is exceptionally large) to have an influence on the party or the candidate to whom it is offered. By contrast, a political donation given by a corporation or trade association will be more effective from the contributors' viewpoint. As far as donations by working-class electors are concerned, it may be essential to pool a large number of small payments if any political impact is to be achieved – hence the justification of political donations by trade unions (ibid).

Democratic Candidate Selection

The state now imposes an element of internal democracy for all registered parties. The Electoral Act 1993 sets out a requirement 'for registered parties to follow democratic procedures in candidate selection' (Electoral Act, 1993: s.71). Before 1996 the processes for selecting parliamentary candidates had been left entirely in the hands of the parties themselves. Wood wrote that, 'the state has

46 There are few countries in which the state regulates the selection of party candidates. According to Scarrow et al., the other exceptions are Germany, the United States, Finland and Norway (Scarrow et al., 2000: p.138).
had no role in monitoring the internal organisation of a political party, nor in practice in determining whether or not a particular group could stand as a party in an election' (1994: p.175). According to the Electoral Commission, every registered political party is now obliged to make their selection of candidates in such a way that involves one of the following groups:

[a] Current financial members of the party who are or would be entitled to vote for those candidates at any election; or
[b] Delegates who have (whether directly or indirectly) in turn been elected or otherwise selected by current financial members of the party; or
[c] A combination of the persons or classes of persons referred to in paragraphs [a] and [b] of this section (Electoral Commission, 1997b: p.19).

These rules have opened up the internal affairs, rules and procedures of the parties to the eyes of the public and the possible legal intervention of the state. The candidate selection and membership rules of each registered party must be deposited with the Electoral Commission, and thus made available for public inspection. However, the Electoral Commission was never given any power to enforce the rules about democratic selection, or to intervene in any other way. Although the Electoral Act dictates that registration requires having internal party rules that adhere to the candidate-selection regulations prescribed, when actually registering the parties, the Commission cannot investigate a party's selection procedures as part of the registration process (McRobie, 1995: p.331). The Electoral Law Select Committee recommended instead, that in terms of redress, 'some form of review can be sought in the High Court... seeking a declaration that a party's rules or procedures are unlawful' (Johns, 1999: p.92).

New Zealand First has been subject to controversy about whether their candidate selection processes are consistent with the requirements of the Electoral Act. In 1997 two former New Zealand First candidates and parliamentary staffers, David Stevenson and Rex Wilderstrom took legal action against the party over the construction of its 1996 party list. The complainants alleged that 'a number of party rules were neglected in the procedures that party chiefs followed to construct the list.... [and that] New Zealand First did not order the list according
to the votes' of members (Clifton, 1998a: p.16). However, because both Stevenson and Wilderstrom had subsequently left the party, the court ruled that they were not eligible to take legal action.47

Questions were also raised in 1998 about whether the Act party was acting legally when it choose to use a primary poll to select its candidate for the Taranaki-King Country by-election. Act mailed out primary voting papers to 33,000 voters, asking them to select its candidate. In appearing to hand over the selection decision to the electorate, it looked as if the party membership was being bypassed. Act replied to such allegations by declaring that the local primary election would not be a binding decision and would only guide the decision of the party's selection committee.

Part Three: Evaluating State Regulation

There is a need to critically evaluate whether the set of regulations adopted in New Zealand is desirable, appropriate and effective in its objectives. It seems that the RCES, then the Electoral Law Select Committee and the Electoral Commission, have all agreed that the chosen degree of state intervention in New Zealand is not so intrusive that it is made problematic or undesirable. Few commentators question the closer relationship and intervention of the state in political party affairs. In fact, the role of the state in regulating political parties has had little discussion in New Zealand. By contrast, debate about it is 'a major stream of political discourse in the USA' (Johns, 1999: p.91). Furthermore, 'State legislation governs some aspects of the internal affairs of American parties (for federal elections), such as the selection of candidates through the primaries system, and the public funding and donation disclosure legislation is federally

47 Later, in 1998, it was revealed by Michael Laws in his book The Demon Profession that the official list creation process was a pretence. According to Laws, the creation of the list was left to Peters, Laws and Peters' parliamentary assistant, Sarah Neems (Laws, 1998a: p.340).
administered' (ibid: p.91). But there are still many countries that do not require state registration for parties. According to Pinto-Duschinsky, moreover, the debate over issues like state registration is not clear-cut:

There is good reason for not requiring the registration of political parties. The essence of electoral competition in a free society is that it should involve individuals and organizations that are voluntary and independent of unnecessary control by the public authorities (Pinto-Duschinsky, 1998).

The RCES stated that 'Controls on political finance seek to regulate the interaction between political contestants, their electorate, and their supporters' (RCES, 1986: p.185). It has to be asked whether this is desirable. Alternatively, should not such interaction be allowed to occur without state interference? With all the changes in the regulation of parties, and especially in the requirement of parties to register with the Electoral Commission, Parliament has given the state more control over internal party affairs. Increasingly, internal disputes are likely to be resolved by the state rather than by party members and, inevitably, the introduction of state controls on internal political party activity brings the enforcement agencies of the state into the political process. The Electoral Commission is obliged to contact the Police about political parties who fail to meet the regulations. In 1999, the Electoral Commission reported 'the secretaries of six registered parties to the Police for not meeting some or all of the requirements of the Electoral Act 1993 in relation to returns of donations for 1998' (Electoral Commission, 1999a: p.13). Eight party secretaries were also reported to the Police for failing to comply with the rules about the return of election expenses (Electoral Commission, 2000: p.19). As a result, political parties face considerable penalties for failing to follow state regulations. Failing to file a return of donations carries a maximum fine of $20,000, although thus far the courts have not applied heavy fines.48 The state also takes infringements of the spending limit very seriously. For example, following the 1987 general election an initially successful candidate, Reg Boorman, was disqualified from

48 In 1998, for example, two parties failed to file returns: the Advance New Zealand party was convicted and fined $150, while the Republican Party was convicted but not fined (Dominion, 1999b: p.2).
Parliament after being judged to have exceeded the expenditure limit (James, 2001a: p.208).

Whether it is appropriate to have the state and the legal system involved in parties' candidate selection processes has also not been the subject of public debate in New Zealand. Commenting on the general issue, Judge Hodge has declared: 'We don't want judges running the internal machinery of political parties - and the judges themselves don't want this' (quoted in McManus, 1993: p.5). The RCES also claimed to recognise the problems of the state-party relationship: 'we recognise that there are dangers inherent in excessive State intervention in the democratic process. If taken too far, controls may represent an unjustifiable intrusion on the freedom of individuals, groups, political parties and candidates' (RCES, 1986: p.185).

There are many reasons to question the fairness of state regulation of parties in general. As Pinto-Duschinsky says of the regulations imposed by the state: 'there is the underlying danger that they will benefit some parties at the expense of others. With the best will in the world, it is hard to devise neutral regulations. In fact, the ruling authorities of the day make the regulations' and cannot be expected to create rules that disadvantage themselves (Pinto-Duschinsky, 1998). Furthermore, the interventionist elements of the Electoral Act clearly impose an expensive and bureaucratic demand upon some parties. As an example of this, the leader of the tiny and now-defunct Mana Wahine party, Alamein Kopu, has outlined her party's dispute with the authorities over her initial refusal to submit the audited accounts of donations the party had received, because no donations had been made:

We had no returns. And we didn't think it warranted a man's signature - it had to be a chartered accountant - to sign it. That signature cost us $900 - $900 just to get a man's signature.... We didn't have any koha [donations] from anybody, and they still want you to get a chartered accountant's signature... They had nothing to audit (quoted in the Dominion, 2001: p.8).
Chapter Nine: State Regulation of Parties

The measures are, therefore, anti-democratic, in the sense that parties that put themselves up for election are increasingly finding that their operations are policed by officials and judges who are less accountable to the public. Ironically, however, it is the behaviour of the parties and their acceptance of donations that is viewed by the public as being undemocratic, sparking complaints about the dangerous influence of unaccountable party bosses.

It also needs to be pointed out that state intervention often has unintended consequences. For example, the fact that the expenditure limits used to apply to candidates and not parties had the affect of constraining individual campaigning, and promoting the expenditure of — and thus growth of — national party organisations. According to Ware, in such situations, candidates very rapidly ‘became relatively minor elements in campaigning, and by the mid-twentieth century they could add very little themselves to the total vote that their party could accrue at an election’ (Ware, 1996: p.294). Now the reverse is possible — parties are potentially able to spend beyond their election expenditure limit by promoting individual candidates in their electorates rather than the party.

Modern state intervention has important consequences for political parties. Peter Mair has argued that, ‘much of the character of contemporary party organization and party activity is increasingly shaped by state regulations’ (Mair, 1997: p.142). The establishment of rules for how parties operate leads to convergence in ways of organising the parties. Rules about candidate selection, membership criteria, fundraising and so forth, force parties to adapt their operations. Even the state’s setting of electoral rules affects the organisation of political parties — for example, on a basic level the way in which geographical electorates are created has had a huge impact on the structures and activities of the political parties in that they have nearly always developed a hierarchical branch structure that mimics the existence of electorates.49 In a similar way, the laws limiting election expenditure

49 The redrawing of electoral boundaries inevitably reconfigures the internal structures of political parties each time they are carried out. When the transition to MMP made the consolidation of 99 electorates into 65
have the perverse effect of triggering an early start to the election campaign by the parties. Partly because the parties are restricted in their expenditure for the three-month period before the election, the parties are increasingly inclined to campaign throughout the parliamentary term. This pushes the parties further in an electoral-professional direction.

In other countries, the state laws applying to parties have been overtly influential on the nature of the party organisations:

In Norway, long-standing laws which offer state financial support for nomination meetings which are conducted in a particular way have encouraged the parties to adopt a uniform procedure of candidate selection (Svasand, 1994). In Austria, the constitutional principle of the 'free mandate' effectively prevents any formal attempt to bring the party in public office under the control of the extra-parliamentary party (Muller, 1994) (Mair, 1997: p.142).

In New Zealand, the political parties are increasingly adopting similar organisational methods. They are increasingly similar in the way they organise their memberships, fundraising, campaign methods, conferences, decision-making and internal communications. This contrasts strongly with the situation half a century ago. In 1954, visiting scholar David S North noted that while the heavily regulated US party system ensured that each political party had the same internal framework, 'The reverse is the case in New Zealand, where the absence of any law regulating the parties as such has allowed each party to evolve its own internal structure' (North, 1954: p.6). Since that time, with the introduction of the new party laws, it seems that substantial organisational variations are becoming outdated, adding to the growing convergence of the parties.

**The Effectiveness of the Regulations**

In evaluating the impact and appropriateness of the state regulations it is important to ascertain their effectiveness in achieving their stated objectives.
Many of the opponents of state regulation allege that the interventions of the state into party affairs are prone to failure. This is because it is in the interests of at least some parties to evade the rules, and they inevitably find legal means to do so. According to Pinto-Duschinsky, 'In country after country, the introduction of new regulations has been followed by the development of new loopholes and new methods of financing politics that escape existing rules' (Pinto-Duschinsky, common, 10 Sep 1998).

The failure of regulation is most obvious in regard to the disclosure of donations. In this area there are a number of loopholes whereby large donations can be made without being declared. That these loopholes are very effective is suggested by the large discrepancy between what parties declare in their returns of donations, and what they spend in the three months before polling day. For instance, in the 2002 general election Labour spent $2,089,797 (including broadcast advertising) but for that year only declared $617,719 to the Electoral Commission. Likewise, Act spent $1,791,858 (including broadcast advertising) but only declared $88,971 in the same year. The discrepancies might simply be explained by the fact that parties do not have to report all income or because they may spend part of their income raised in previous non-election years. It appears likely, however, that parties are accepting many large donations in such a way that does not require disclosure.

Sometimes political parties attempt to evade the regulations by getting their donors to break their large contributions into smaller donations that are below the level specified in the state regulations. In order to prevent those making a series of donations of amounts below the threshold from being excluded from a party's report on donations, the Electoral Act requires that all donations from the same source must be aggregated for the year.50 There is, however, nothing to stop a

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50 The Electoral Act (1993: s.214F).
donor from breaking down their contribution and attaching different names to the amounts.\footnote{One Act party donor, Trevor Farmer, opted for this mechanism in order to contribute $115,000 to the party, by using 12 individuals to make payments of less than $10,000 each (Johns, 2001a: p.A5b).}

Most controversially, the Electoral Act allows political parties to record a donor as 'anonymous', thus permitting large donations to continue to be unaccounted for.\footnote{The Electoral Act (1993: s.214G[1]).} In the 2002 election year the parties disclosed $1,558,951 in donations over $10,000, of which $692,600 came from anonymous sources.\footnote{In the 1999 election year the level of anonymous donations was even higher – the parties disclosed $2.1 million from anonymous sources, as compared to $1.6 million from named sources.} Furthermore, anonymous donations below the threshold for aggregation logically do not need to be aggregated annually. This means that a donor could anonymously contribute, say, $9,999, every day of the year, and none of the payments would have to be declared. While the regulations stipulate that for a political party to label a donation as 'anonymous', the donor must be truly unknown to the party, in reality it is not possible to police such rules. Alternatively, parties can direct donations through bogus business ventures. For example, according to rules outlined by the Electoral Commission, 'People who pay to attend a fund-raising event will generally be paying for goods or services rather than making a donation' and hence are not subject to the disclosure regulations (Electoral Commission, 1998b: p.14). Political parties can therefore hold fundraising events, such as a dinner function with the attendance of party leaders, to which entry would require a large amount of money, and this would be deemed a business transaction rather than a political contribution.\footnote{Other overseas examples of such business ventures include the sale of 'party yearbooks and publications in which corporations and individuals purchase advertising space, or 'consultancy' and advisory services provided by party officials' (Pinto-Duschinsky, 1998).}
A further way of providing covert assistance is to donate 'in kind' contributions instead of financial payments. By providing free or discounted goods or services that would otherwise need to be purchased, a donation is effectively made. However, in New Zealand the government regulations also apply to these non-cash donations. The Electoral Commission has pointed out: 'If goods and services are provided to a party under a contract at 90 percent or less of their reasonable market value, the amount of the difference between the contractual price of the goods and services and their reasonable market value should be recorded as a donation' (Electoral Commission, 1998b: p.14). The extent to which the Electoral Commission polices such in-kind donations is not known.55

Donations can also be disguised as loans. In this situation, 'The party stands to benefit from below-market interest rates. Moreover, if the party proves unable to repay the loan it may be possible for the donor to write off the loan at a later stage as a business loss' (Pinto-Duschinsky, 1998). This occurred in New Zealand during the 1950s, when trade unions were restricted in the donations they could make to political parties, and according to Milne, they therefore would often 'make a contribution to the Labour Party in the disguise of a "loan", which was not repaid and was later written off' (Milne, 1966: p.105).

A common scheme is to direct money from donors through other entities. In New Zealand, these entities are often trusts. As discussed in Chapter Five, the arrival of such conduits mirrors the development of political action committees (PACs) in the United States. These PACs are connected to parties and candidates but are

55 Certainly plenty of stories exist in New Zealand of wealthy party supporters putting private aircraft or cars at the disposal of the parties. Shops and offices, in particular, are often made available as gifts. This is confirmed by Mark Stonyer of United Future New Zealand: 'I know that there are people running for electorates around the country that had for example shops in mainstreet situations that didn't appear on their returns of electorate donations — because they were free' (Stonyer, 1999). Richard Prebble was reported in 1996 as having 'a computerised office in the hub of the high-priced Wellington suburb of Thorndon, with most of the expense — including premises, equipment and staff — donated by Wellington Act supporters' (Clifton, 1996a: p.3).
all legally unrelated to them and therefore are unaffected by the laws relating to
donations and campaign expenditure. For instance, in the past the Act party has
assigned an associated organisation called the Association of Consumers and
Taxpayers Inc to collect donations on behalf of the party and then to donate the
lump sum to Act. The donations from the public to this 'non-party' organisation do
not have to be declared to the Electoral Commission – only the overall annual
donation made from the Association to Act has to be recorded. In 1997 the
Association of Consumers and Taxpayers donated $62,500 to Act. Likewise,
the National Party has channelled some of its donations through the supposedly
independent New Zealand Free Enterprise Trust, receiving $685,000 from it
between 1998 and 2001. In 1999 a related organisation named The Southern
Free Enterprise Trust donated a further $78,013 to various National Party
electorate organisations. Such entities are clearly a front for receiving money for
the party in a form that means National can avoid having to disclose an
embarrassingly large amount of 'anonymous' donations. Labour, too, has been
reported as advocating the use of solicitor trust funds to channel anonymous
donations from businesses that the party has approached for funding (Milne,
2001a: p.2). Similarly, donations can be made to the personal funds of
politicians, and therefore the parties never have to declare the income (Pinto-
Duschinsky, 1998).

There are many other parts of the regulation regime that are less than robust.
The limitations on election spending, for example, are more relaxed and open to
manipulation than might be expected. First, although it is often thought that
parties are subject to a limit (as well as disclosure) on all of their election
spending, the limit actually only applies to general advertising expenditure. Party

56 In 1996 Act also set up some elaborate trusts in order to circumvent the newly-introduced donation
disclosure rules. Documents leaked to the Sunday Star-Times in 2001 showed that $6.77 million was
deposited into such trusts (Johns, 2001a: p.A1). See also: Chapter Seven.
57 The chairman of the New Zealand Free Enterprise Trust is ex-National Party president George Chapman.
Another former party president, Geoff Thompson, 'has acknowledged telling people who want to give money
to National anonymously to send their cash to the trust' (Gardiner, 2000).
spending on many other types of election campaigning – such as opinion polling or travel expenses – are excluded from both the disclosure requirements and the limits on expenditure. This, too, is likely to have many perverse consequences, with parties directing their funds into these exempt areas. Second, another 'loophole' relates to the fact that candidates have their own separate spending limit of $20,000. Party election expenditure can conceivably be categorised as 'candidate spending' and therefore omitted from disclosure and the party's allowable expenditure. Third, the rules relating to the timing of when the spending limitations apply are open to manoeuvre. In the 1998 Taranaki-King Country by-election, for example, the Act party was able to legitimately spend substantially more than its $40,000 by-election limit. This was due to the fact that the limit applies only after the candidate is selected. Act only decided on its candidate at a late stage, after already spending a great deal of money on the campaign. An irregularity of the monitoring regulations also means that the spending rules only apply to parties and not any of the partisan lobby groups that participate in the election campaigns.58

The Electoral Commission has very few powers to investigate discrepancies or to check that the parties are following the rules. The system essentially relies on the honesty of the parties and politicians. The Electoral Commission must, it seems, take the parties at their word on any regulation inconsistencies and problems. One such example put forward by David Lange, about Labour MP Phillip Field, is worth quoting at length because it shows the difficulties in policing the regulations:

Mr Field returned expenditure of $14,996, accounting for his spending on posters, pamphlets, hoardings and signwriting. He did not declare the costs of advertising two campaign fundraising socials and a campaign rally, or the costs of the food, drink and

58 Any advertising by a lobby group expressly supporting a party or a candidate must be agreed to by the candidate or party since it counts towards election expenses. However, if the advertising does not 'expressly' support a candidate or party then these regulations do not apply. Examples include election-time advertising campaigns by Employers Federation in favour of the ECA, by the Engineers Union in favour of removing National from government, and a publishing company selling one of Richard Prebble’s books.
entertainment which were offered at these events. He made no allowance for the running costs of his campaign van, or for its purchase price or its depreciation. On the other side of the ledger, he returned a donation of $5000 from the Otara Labour Party Trust, but did not disclose another sum of $15,000 given to him by the same trust. These matters were referred to the Electoral Office, which referred them to Mr Field. After considering his reply, the Electoral Office decided that it would not refer Mr Field’s return to the police, because it was not satisfied that any offence against the Electoral Act had been committed. The act broadly has it that campaign spending need be returned if it relates exclusively to the campaign for the return of the candidate (spending which relates to the return of two or more candidates is to be apportioned). Mr Field told the Electoral Office that the advertising left out of his return did not relate exclusively to his campaign. “The fund-raising social,” he declared, “was held to raise funds which were used for a variety of purposes including for the Labour Party as a whole. Proceeds also went towards funding the Mangere Labour Party organisation, including its local committee activities, meetings and levies payable to the party’s head office.” According to the Electoral Office, the undeclared advertising for the campaign rally promoted not only Mr Field’s candidacy but also the launch of Labour’s Pacific Island policy, noting that in respect of the campaign social, the member had stated that this “was also not a function exclusively related to the campaign for my return as the candidate for Mangere”. The costs of the vehicle, Mr Field advised, were not declared because it was purchased while he was not only candidate for Mangere but MP for Otara, and needed the van for his electoral work as well as his election campaign (Lange, 1997c: p.11).

Most of the regulations of the parties relate to political finance. However, as Chapter Seven argued, New Zealand party politics does not actually involve a great deal of money, apart from the substantial funds spent by the parties that are provided through parliamentary resourcing. It is interesting that it is this parliamentary funding that is highly unregulated. If there is any urgent need for political regulation, it is in this area.

Controls on party finance grow out of the belief that such expenditure has a significant impact on electoral fortunes. However, there is increasing doubt as to whether higher spending on elections is of any great benefit. The discussion in Chapter Seven showed that there is reason to believe that the much of the money spent by political parties is not particularly effective. The tables of expenditure against votes suggested that the more that political parties spent, the more their average ‘cost per vote’ rose. In Britain, Justin Fisher analysed annual data from 1959 to 1994 in order to answer the question of whether increased party spending at the national level is electorally significant. He found ‘that there is insufficient evidence wholly to support this proposition’, concluding that ‘party spending at national level may not be as effective in electoral terms as is often
suggested' (Fisher, 1999a: pp.519, 530). Overall, then, it is debatable that access to large amounts of money is of such huge electoral advantage to any party that it requires strict regulation. In New Zealand, it is not always the party with the most money that wins. The 1993 election was the last contest in which the party with the most (non-Electoral Commission) money won.

It might be more appropriate, therefore, if political parties were left to regulate themselves and voters trusted to make their own decisions on whether the activities of political parties are acceptable or not. Arguably, society has its own built-in suspicions of corruption and antagonisms towards high-spending politicians. There is a well-established voter caution against parties 'buying' their way into office. Chapter Seven showed that New Zealand voters are inclined to dislike and distrust parties that spend heavily. Many voters are also suspicious of parties that appear to be close to business donors. Such an idea is seen in Jack Vowles' view that the public debate in New Zealand about campaign spending and the effect of donations began following the Labour Party's 1987 election campaign, where the party was alleged to have spent over $3.5 million, mostly made up of business donations (Vowles, 2002b: pp.420-421).

This debate and the increasing suspicion of ties between the Labour Party and big business occurred before the state regulations were in existence. In this sense, the public are already on guard against such violations of political culture and there is therefore a role for academics and journalists to investigate and evaluate these issues of interest regarding how the parties operate. Even without state intervention, it normally becomes apparent to voters which parties are utilising large amounts of money. Academics and the media together usually play a useful role in this respect, investigating the financial relationships of parties. Yet, if anything, the introduction of state regulation appears to have led to decreased media and academic interest in party finance, as the state's regulation now purports to make political finance more transparent and less open to abuse and corruption.
In contrast to this civil society model of party regulation, state regulation therefore gives the public a false sense of security about party activities. The regulations succeed in reassuring voters of the legitimacy of the political system, yet as this chapter has shown, many of the regulations do not work. There are so many loopholes that make the regulations ineffective. Voters (and the media) might now think that a level playing field exists in party politics and that corruption is less likely, but such confidence is unfounded. The nature of the political activity that the state is seeking to regulate means that such loopholes will always exist in various forms. Therefore the great danger of the regulations is that they give political parties cover for their activities, removing suspicions of political corruption and linkages.

Conclusion

The importance of party autonomy and independence from the state is not just an esoteric principle or belief, but something that has a real impact on politics. The increasingly low level of independence affects the way that parties organise, and most importantly, it affects parties’ relationship with social constituencies – again reducing pressure on them to formulate, promote and deliver policies that represent these voter groups.

Little has been written on the regulation of parties in New Zealand, and certainly very little that is critical of regulation. However, John Henderson and Paul Bellamy have summarised the New Zealand situation, stating, ‘There are no restrictions on party activity as long as these activities do not violate any of the [other] relevant laws and regulations’ (2002: p.67). Yet, there are in fact some important legal prohibitions and limitations on parties, which have been detailed in this chapter. And although Henderson and Bellamy have said, ‘The procedures
for registration of candidates and parties are fair' (ibid: p.60), this chapter has put forward a number of reasons why this might not be the case.

Together with the last chapter on state funding, this chapter proposes a debate about whether parties should be given greater freedom from regulation and state patronage – perhaps about whether they should be 'privatised' and released from public ownership and control. In a sense, this is actually about parties being given back to the public – or at least to the various constituencies of the public that used to be the foundations for various parties.

The main question to arise centres on the extent to which it is proper for the state to supervise and intervene in the activities of voluntary associations such as political parties. Clearly, the regulation of parties undermines their private and voluntary nature. Just as the postwar process of corporatism brought interest groups into a state-client relationship, the parties have been legally recognised by the state and taken under their wing. This has compromised their ability to represent their respective economic or social sectors. Parties need to stop being treated as 'public utilities', but instead be seen as an essential part of civil society at a remove from the state. Democracy is enhanced by political parties having sovereignty over their own affairs and voters making the final decision on whether they approve of the political nature and organisational practices of a particular party.

This chapter has argued that these regulations – because of their inevitable inadequacies – act to obscure the public's understanding of where parties obtain their finances and how they spend them. The anomalies of state regulation have been highlighted, as well as the unintended consequences. The chapter has also pointed out that regulations only have a limited effectiveness. In New Zealand and other countries, the introduction of regulations is inevitably followed by the development of new loopholes. Furthermore, in New Zealand the Electoral
Commission has little power to police the Electoral Act. Therefore, there is a strong case to be made for the deregulation of the party system.

In order to make political parties more acceptable to the public it is likely that their activities actually require less state intervention rather than further regulation. The parties need to have their essentially private nature reconfirmed by the state and therefore to be free from the requirement to hand over internal information about their finances and membership to the state and from restraints in their other private activities. In such a deregulated scenario, political parties would still be obliged to abide by the laws that govern other societal organisations, and their party names and logos could still be protected by intellectual property law. The media and academics should also still play their part in investigating the operations of parties. Most importantly, however, it would be the voters, giving their verdict in elections, who would be the final arbiters or regulators. In an ideological sense, deregulation and removal of subsidies would encourage parties to be more independent, more politically distinctive and more responsive to the members and sections of society that they purport to represent. This is necessary because as parties become increasingly state-orientated, and are correspondingly less firmly tied to civil society, they are becoming more politically bland and centrist.

Although this chapter makes an argument for the deregulation of political parties, its main purpose is more explanatory than to provide solutions. It seeks to provide an additional explanation for why parties have been prone to ideological erosion. It suggests that parties' growing relationships with the state have been proportionally inverse to their declining connections with civil society. This has made them increasingly independent of pressures from key social constituencies to represent their social and economic interests. If this new pattern of politics is something that is deemed to be negative for society (and this thesis argues that it is), it might indeed seem advisable to deregulate the party system. However, deregulation will not solve the deeper problem. For beyond this argument over
regulation is a new reality. The connection of parties with civil society is now so weak and tenuous that it is debatable whether either the parties or the public can monitor and regulate the types of party activity discussed in this chapter. When parties operated under the model of the mass party they were better able to attain the confidence of voters, but this time has passed. This chapter is therefore another part of the critique of the modern electoral-professional party model.

Discussion of all these issues has been virtually non-existent in New Zealand society, let alone the academic field. New Zealand seems to be going down the track of a highly-regulated political system where the parties act as 'virtual government departments', yet the public has had no input into this change. For instance, no voters have been asked if the parties should be co-opted into the state apparatus. Furthermore, little research has been carried out as to whether the public believes affirmative action programmes should be extended to the party system – it is just taken for granted that the state needs to intervene in the party system to produce a level playing field. While there may always be the need for the state to play some sort of referee role in democratic politics, it could be argued that in New Zealand the referee has become a very interventionist one and now disturbs the natural 'flow of the game'.
Conclusions
Chapter Ten

Anti-Partyism and the Electoral-Professional Party

There is a passive revolt going on in New Zealand against political parties. A substantial number of New Zealanders are increasingly disillusioned, dissatisfied or uninterested in political parties. This has been a growing phenomenon since the 1950s, but one that accelerated in the 1980s and 1990s. This chapter argues that this revolt is a logical consequence of the significant changes in party politics that are examined in this thesis. In particular, it is a response to the shift by the parties from class mass organisations to electoral-professional cadre organisations. This transition, which also began in the 1950s, has not only meant that the New Zealand parties have become more centrist and pragmatic, but they are increasingly professionalized, dependent on the state for their resources, more based on heterogeneous voter support, and generally less connected to civil society. As well as making this shift, the parties have had to adapt their policies to globalisation and the need to maintain New Zealand's economic viability. Since 1984, this adaptation has had a significant affect on the way the public perceives parties.

This negative public response towards parties can be summed up by the general term 'anti-partyism', which covers sentiments and responses ranging from outright antagonism towards the very concept of political parties through to a more passive detachment or apathy relating to parties and politics. In this sense, the concept of anti-partyism is therefore about the absence of popular legitimacy for contemporary political parties. People with anti-party sentiments might still think the institution of the party is necessary, but they are dissatisfied with, or
alienated from, the current party system. A number of indicators can be used to establish the existence and extent of this anti-partyism. This chapter examines these and shows how such attitudes have been increasing since the 1950s, but have become more endemic since the mid-1980s.

The electorate's growing alienation from partisan politics is an international phenomenon, but comparisons are made in this chapter to illustrate that the New Zealand case of anti-party sentiment is a particularly advanced one. This is despite the fact that the New Zealand political system was once internationally regarded as a model of political participation, in part because the public had relatively positive attitudes towards the institution of the political party.¹ David Denemark has pointed out, for example, that 'more than in any western democracy, New Zealand's electoral politics have sustained as their hallmarks, strong party loyalty and high levels of party identification, unequalled levels of voting turnout, and a widespread trust of political institutions' (Denemark, 1990: pp.62-63). According to Jack Vowles, 'New Zealand political culture in the 1960s was characterised by relatively high levels not only of voter participation but also of party membership, political efficacy, harmony, integration, trust and high sense of civic duty' (Vowles, 1998: p.105).

These positive features have been eroding since the 1950s, and the New Zealand case might now be seen as displaying a relatively high level of anti-partyism. For example, according to Vowles et al. (1995), 'The level of political distrust reached in New Zealand surpasses the heights attained in the United States at the peak of that country's loss of faith in its political system' (Vowles et al., 1995: p.136). That New Zealanders are alienated from political parties is one

¹ Denemark has pointed out, for example, that 'more than in any western democracy, New Zealand's electoral politics have sustained as their hallmarks, strong party loyalty and high levels of party identification, unequalled levels of voting turnout, and a widespread trust of political institutions' (Denemark, 1990: pp.62-63). According to Vowles, 'New Zealand political culture in the 1960s was characterised by relatively high levels not only of voter participation but also of party membership, political efficacy, harmony, integration, trust and high sense of civic duty' (Vowles, 1998b: p.105).
of the single most important political facts of our time. During the 1990s, the public’s respect and tolerance for parties dropped to an all-time low. Although the parties are still central to the political process – especially under the Mixed Member Proportional (MMP) electoral system – they are remote from a society that distrusts them and believes they lack relevance.

A popular scepticism now exists about the integrity and honesty of the ‘political class’, and there is an increasingly widespread belief that the established politicians are self-serving and untrustworthy. As Bruce Jesson has pointed out, ‘Traditional allegiances have been replaced by a mood of utter cynicism. The division between the political parties is no longer the dominating feature of the political scene; there is now a greater gulf between the politicians and the electorate’ (Jesson, 1992g: p.116). This chapter is therefore the story of party decline in terms of the electorate rather than the parties – the previous nine chapters have concentrated on the transformation of the parties, and this one shows the public’s response to this change.

As a prelude to the Conclusion, this chapter pulls together all the different elements of party transformation, decline and adaptation described in previous chapters and illustrates their cumulative effect in producing the public’s significant anti-party attitudes. Part One looks at the different manifestations and evidence of anti-partyism in New Zealand, arguing that it is a significant phenomenon. Part Two then shows how the growth of anti-partyism in New Zealand is closely related to the transition to the electoral-professional party and the effects of economic globalisation.

**Part One: Evidence of Anti-Partyism**

The popular legitimacy of political parties can be measured by such tangible indicators as levels of voter attachment to parties, electoral volatility, levels of
party membership, as well as surveys about the public's political trust. These manifestation of anti-partyism are examined below.

**Party Identification**

The public's detachment from party politics is indicated by the decline in the number of people who tell political scientists that they feel any level of identification with a party. Survey research measures 'party identification' by asking questions such as: 'Generally speaking, do you usually think of yourself as National, Labour, Alliance, New Zealand First, or some other, or don't you usually think of yourself in this way?' (Vowles et al., 1995: p.228). Traditionally, a large proportion of New Zealanders have been able to respond with a party that they feel some degree of affinity with, but in recent years the number of people doing so has fallen. Yet even as late as 1987, Vowles found that 85 percent of survey respondents showed some degree of identification with a party (Vowles, 2002b: p.415). In 1990, this figure plummeted to 59 percent, and then in 1999 it dropped to 55 percent (ibid). This decline can be seen in Figure 10.1.

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2 Within the category of those that identify with a party there are various degrees of identification. For example, according to Aimer, in 1990, only about 'one third (35 per cent) of electors felt a strong attachment to any political party. The rest described their preferences as "not very strong", or said they only felt "a little closer to" a party, or denied any general identification at all' (Aimer, 1992: p.332).

3 Not everyone who expresses an identification actually votes for that party. For example, 'In 1990, 47 per cent of all respondents expressed an identification with the party they had voted for, in 1993 it was 43 per cent; and in 1996 45 per cent did so' (Aimer, 1997c: p.8).

4 The partisanship for the two major parties is even lower, falling from 65 percent in 1981 to 48 percent in 1999 (Vowles, 2002b: p.415). Chapter Four has shown that Labour and National have lost their monopoly on their traditional supporters by becoming more catch-all in their approach. In their strategy of being 'all things to all people', parties reduce their ability to create fervour and staunch loyalty from any one section of society. See also: Levine and Roberts (1997: pp.189-191), who suggest that those identifying with parties is somewhat higher.
These statistics show that although there is still a great number of voters choosing to vote for parties, a declining amount of people feel any affinity with those parties. For example, voting for a particular party because it is 'the best of a bad bunch' does not suggest a positive commitment to that party. Rather than voters identifying themselves as 'supporters' of a particular party, they are now more likely to think of themselves merely as people who vote for the party from time to time.

The new minor parties in the New Zealand Parliament have a particularly low level of party-identifying voters. It has meant their electoral foundations of the party system remain inherently insecure, and this partly explains how the vote for a party like the Alliance can collapse over a period of nine years, from 18 percent (1993) to only 1 percent (2002). Instead of creating anything like voter fervour or staunch loyalty, support for the Alliance, Greens, New Zealand First, Act and United Future is not firmly attached. The high amount of vote-splitting under MMP also indicates the limited degree of party identification in New Zealand. In
both 1996 and 1999 about 36 percent of voters split their votes; this increased in 2002 to 39 percent.\(^5\)

The decreasing strength of party attachments in New Zealand is consistent with the trends in other advanced industrial democracies. In a recent comparison of 19 OECD nations, 17 were found to have a decreasing level of party identification, and in all 19 the strength of party ties was eroding (Dalton and Wattenberg, 2000a: p.262). In another study by Paul Webb, subjective partisan attachment had declined in all the thirteen countries examined (Webb, 2002a: p.441).\(^6\)

**Electoral Volatility**

The term electoral volatility refers to the extent to which voters switch parties in successive elections. There are two basic approaches to measuring volatility, and when applied to the New Zealand case, both have shown substantial increases from the 1950s through to the 1990s. The method for which there is the most continuity of data is that which measures how much electoral change there is between elections. ‘Aggregate volatility’ measures ‘the average change in party vote shares between adjacent elections’. A volatility index can be ‘calculated as the total percentage point gains for all the parties between the two adjacent elections, divided by 2’ (Dalton et al., 2000: p.39).\(^7\) Using this method, Vowles’ calculations (seen in Figure 10.2) have shown that volatility increased in most elections since the 1950s. Volatility averaged about 4 percent in the 1960s,

\(^5\) In contrast, in the German equivalent of MMP, ticket-splitting has been considerably lower, albeit rising. Since 1976, the number of votes splitting their votes has risen in every election – going from 6 percent in 1976 to 20 percent in the 1998 election (Klingemann and Wessels, 2001: p.288).

\(^6\) A good deal of caution is required in comparing New Zealand’s rate of 55 percent party identification with other countries, as different questions are used across nations. But for some comparison, see Dalton and Wattenberg (2000), where the most recent identification rates are 86 percent in the UK, 56 percent in Italy, 64 percent in Germany, 56 percent in France, and 85 percent in Australia. See also: (Diamond and Gunther, 2001: p.ix).

\(^7\) See also: Pedersen (1979).
rising to about 8 percent in the 1970s, dipping briefly for the 1981 election before jumping to 16 percent in 1984, a level at which it has generally remained.\(^8\)

**Figure 10.2: Aggregate Electoral Volatility**

The second approach to measuring volatility does so on an individual level, by surveying voters and asking how they vote in consecutive levels. This provides a more precise measure of volatility, because it takes account of the fact that many voters cancel out each other's votes by switching between parties. With the first (aggregate) measure, this means that although many people may have changed their votes, the actual electoral outcome may remain the same, which masks the volatility of individual voters. Hence the first measure understates the true level of volatility, and the second (survey) method often provides a more stark result.

Before the 1980s, survey-based studies tracked the shifting choices of voters and found a low level of volatility. For instance, at the 1952 election ‘92 per cent voted for the same party they supported at the previous election’ (thus producing a volatility figure of 8 percent) (Rudman, 1999: p.A11). Similarly, a survey by

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\(^8\) Jackson and McRobie's alternative calculations show a similar trend: 'The average volatility rate for elections between 1954 and 1969... was 6.6 per cent; between 1972 and 1990 the rate doubled to 13.3 per cent, with the elections of 1984, 1987 and 1990 generating the highest volatility scores of all, averaging 17.3 per cent. In 1990 it reached a new peak of nearly 20 per cent' (Jackson and McRobie, 1998: p.11).
Alan Robinson of Dunedin Central voters in 1960 found that 90 percent voted the same way as they had in 1957 (meaning 10 percent were volatile) (Robinson, 1967: p.103).  

In the following election of 1963, 89 percent voted for the same parties they had supported in 1960 (producing volatility of 11 percent) (Vowles and Aimer, 1993: p.14). Stephen Milne was thus able to write in the mid-1960s that New Zealand electoral politics was characterised by 'a "massive stability" in voting behaviour' (Milne, 1966: p.93). This low volatility was, however, slowly eroding, and by looking at interview-derived statistics from the 1978 and 1981 elections, Vowles has calculated that about 40 percent of voters were volatile at this time (Vowles, 1997c: p.200). The 1990s then produced an unparalleled degree of political volatility, during which new political parties rose to prominence and profited from the public's discontentment with Labour and National. Opinion polling varied tremendously due to the unstable or absent allegiances to any one party. At different times during the 1990s, both the Alliance and New Zealand First registered support levels of around 30 percent (although neither party has come close to gaining this level of votes). Survey results from the New Zealand

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9 Robinson also found that 'three-quarters of major party voters had never voted for any other parties' and 'two-thirds of major party voters fifty years and under clearly still voted for the same party as their parents' (Robinson, 1967: p.103).

10 Milne also points out that under First-Past-the-Post (FPTP), this "massive stability" is concealed by the fact that a comparatively small change in votes produces a disproportionately greater change in seats' (Milne, 1966: p.94).

11 According to Vowles, 'only about half of the people who could vote at each election chose the same party each time, nearly 22 per cent chose different parties, and another 20 per cent either moved into or out of non-voting. Thus over two-fifths of the people who were able to vote in both elections were "volatile"' (Vowles, 1997c: p.200).

12 Then, according to Aimer, only two-thirds of eligible electors in 1987 and 1990 chose to vote for the same party in the two consecutive elections, while less than one half of 1984 voters were still voting for the same party in 1987 and 1990 (Aimer, 1992: p.331).

Election Study programme showed that volatility in 1996 climbed to 46 percent (Aimer, 1998: p.51).\(^{14}\)

Electoral volatility has been a standard feature in most advanced industrial democracies. Webb’s cross-national study found increasing volatility in 12 out of 16 countries studied (Webb, 2002a: p.440). Similarly, Dalton et al.’s cross-national study of 18 OECD countries showed that aggregate electoral volatility was increasing in fifteen of eighteen nations between the 1950s and the 1990s (Dalton et al., 2000: p.40). In this comparison, New Zealand’s increase in electoral volatility was second only to Italy (ibid: p.41). As Jack Vowles and Peter Aimer have commented, New Zealand is ‘a distinctive case in terms of the degree and intensity of this process’ (Vowles and Aimer, 1995: p.218).\(^{15}\)

Closely related to voter volatility is ‘campaign swithering’, in which voters change their minds, or delay making up their minds, during the election campaign about which party to support. Again, the existence of this behaviour suggests a low voter attachment to parties. Whereas in 1987, only about a quarter of voters left their decision until the campaign period, by the late 1990s this had risen to about half. For example, in 1999, 48 percent of voters made up their minds during the four-week campaign, including 14 percent of voters who decided in the week leading up to the election, and 12 percent who made up their minds on election day.\(^{16}\)

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\(^{14}\) The degree of volatility varied between supporters of different parties – while National retained 71 percent of its vote between 1993 and 1996, Labour could only hold onto 56 percent (Aimer, 1998: p.56). New Zealand First had a loyalty rate of 52 percent, while the Alliance had a very low 30 percent retention rate (Aimer, 1998: p.58). Similarly, when Labour came to power in 1999, half of those voting for the party had not voted for it in the previous election (Levine and Roberts, 2000: p.166). Again in 1999, surveys indicated that ‘less than half of the Alliance’s and Act’s election day support level of 7-8% came from voters who had been with them also in 1996’ leaving a hard core committed vote for each party of only 3-4 percent (Gamlin, 2000).\(^{17}\)

\(^{15}\) Likewise, according to Bale and Roberts, ‘At an average of 12.1 percent between 1975 and 1993, New Zealand’s vote volatility has exceeded the European average and has risen more consistently than in European countries’ (Bale and Roberts, 2002: p.9). See also: Vowles et al. (1995: p.43).
day. Throughout the campaign, 31 percent of voters changed their minds about which party to support (Vowles, 2002a: pp.17-18).

New Zealand’s continued and increasing volatility goes against the expectation that proportional representation should bring more electoral stability. A high amount of switching suggests dissatisfaction with the parties. The fact that voters are very willing to abandon their ‘party of choice’ from election to election, provides further evidence that voters have only a weak attachment to, or opinion of, the parties they vote for.

**Voter Turnout**

Participation in general elections is one way that the New Zealand electorate’s positive attitude to parties used to be expressed. Despite not being compulsory, New Zealand used to have one of the highest polling turnouts in the world, with about 90 percent of eligible voters casting a vote in the immediate postwar elections (Aimer, 1992: pp.328-329). That people used to feel strongly about participating in democracy is illustrated by a 1960s survey of Palmerston North electors in which 95 percent disagreed with the statement: ‘So many other people vote in a general election that it doesn’t matter much whether I vote or not’ (Robinson, 1967: p.105). Similarly, according to a survey by Mitchell in 1966, 85 percent thought voting was ‘very important’, 11 percent thought it was ‘quite important’, and only 3 percent thought it unimportant (Mitchell, 1969: p.199).

Figure 10.3 shows that voter turnout eroded steadily in the postwar years, and by 1966 only 79 percent of eligible voters participated. A recovery then took place.

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16 According to Vowles, ‘under MMP, all other things being equal, electoral behaviour should become more stable’ (Vowles, 2002a: p.83).

17 Turnout is defined here as the number of valid votes cast as a proportion of the population aged 18 and over. In contrast to the official method which uses the number of voters enrolled as a denominator, this method avoids the ‘bias in the official figures due to differences in the electorate enrolment rate over time’ (Vowles, 2002a: p.91). For a discussion on measuring voter turnout, see: Wattenberg (2000: pp.69-71).
and by 1984 nearly 86 percent were participating. Participation then fell sharply in 1987 to 78 percent, which is about where it remained until 1999, when it fell to 75 percent, and then to 72 percent in 2002.\footnote{18}

**Figure 10.3: Turnout of Age-Eligible Voters**

![Turnout Graph](image)

New Zealand's declining voter turnout is consistent with that of other advanced industrial democracies. Webb found that electoral participation has dropped in twelve of sixteen democracies under his study (Webb, 2002a: p.440). Likewise, Martin Wattenberg examined turnout figures in nineteen established democracies of the OECD and found that for 17 countries the turnout figures in the 1990s had been lower than those of the early 1950s (Wattenberg, 2000: p.72). According to Wattenberg, this study showed that New Zealand's voter participation had declined by 19 percent between the 1950s and 1990s, and this made New Zealand's decline second only to Switzerland (39 percent decline). Of the whole study, the 'median change from the 1950s has been a 10 per cent decline in turnout' (ibid: p.71).\footnote{19}

\footnote{18} This decline continued after 1996, despite the fact that political scientists believe that proportional representation encourages a higher voter turnout than FPTP systems because of the increased party choice and the reduced affect of marginal electorates. See: Vowles (2002d: p.84; 2002c: p.111).

\footnote{19} For a contrary view, see Bale and Roberts, who claim that New Zealand's turnout 'is now only at about the median position when compared with other advanced democracies' (Bale and Roberts, 2002: p.8).
In New Zealand there has also been a substantial decline in public participation in other electoral activities. For example, fewer members of the public now attend election meetings. Large election meetings are a thing of the past – the last mass election rally to be held was in the 1987 general election, when 4000 National Party supporters came to the launch of the party’s campaign. That rally was the 'second-biggest indoor political meeting ever held in New Zealand' (Bolger, 1998: p.21). Previously, Robert Muldoon had spoken to a rally of over 6000 National supporters in the 1975 general election campaign (Vowles et al., 1995: p.56). Yet as Vowles et al. pointed out about the 1993 general election, 'one of the largest audiences either of the major parties could muster in 1993 was estimated to be no more than 500' (ibid).

**Party Membership**

The shrinking level of party membership in New Zealand is a strong indicator of the increasingly unpopular nature of political parties and the extent of political disengagement. As detailed in Chapter Six, National Party membership has fallen from a height of about 250,000 in the 1960s, down to about 20,000 in 2003. Labour’s membership has similarly has dropped from the 40,000-60,000 level in the early 1980s, to around 14,000. The minor parties have much fewer members. As Table 10.4 shows, in the 1950s nearly one in five of the electorate were party members, and this has steadily declined until by the 1990s only about one in fifty belonged to a party.
For comparative purposes, Figure 9.4 also includes the membership information for Italy, the United Kingdom, and France, all of which had smaller proportions of party members in the 1950s but in the 1990s have ended up with similar levels to New Zealand. This comparison is indicative of the fact that New Zealand's membership decline has been much greater than that of many other advanced industrial countries. According to the international comparisons made by Susan Scarrow (2000), New Zealand parties have been afflicted by a greater membership decline than in any other of the 14 OECD countries she studied.

**Decline of the Vote for the Major Parties**

New Zealanders' growing detachment from party politics can be detected in their dissatisfaction with the Labour and National parties. Over the last four decades the public has increasingly turned away from both, either to vote for minor parties or in favour of not voting at all. This decline can be seen in Figure 10.5. In the 1940s, the average combined (National and Labour) vote as a percentage of the electorate was 90 percent. In the 1950s, it dropped to 81 percent, in the 1960s to 73 percent, in the 1970s to 69 percent, and in the 1980s to 68 percent (McRobie,
1995: p.321). During the 1990s, it averaged 54 percent. It then hit the historical low of only 44.6 percent at the 2002 election. As can be seen, the shift away from the major parties began long before the introduction of MMP, despite the discrimination of the First-Past-the-Post (FPTP) electoral system against third parties.

Figure 10.5: Two-Party Vote as Percentage of Age-Eligible Voters

Anti-Partyism in the New Parties

At the same time as voting for Labour and National has declined, there has been a growth in a number of minor parties displaying various anti-party sentiments. The first party to challenge the Labour-National duopoly was the Social Credit Political League, which won 11 percent of the vote at its first election in 1954, after which it continued to play a significant role in elections until the late-1980s. According to Raymond Miller, Social Credit had a ‘doctrinally-based resistance to political activity, particularly partisan activity’ (Miller, 1985: p.208). Therefore it avoided the use of the word ‘party’, preferring to be known as ‘a "league", "association of electors", and "social movement"’. Such terms, according to Miller, ‘were intended to suggest spontaneous popular support, minimal
organisation, and individualistic rather than collective values' (Miller, 1985: p.208).

Then in the 1990s a large number of parties emerged without the word 'party' in their title – such as New Zealand First, Act New Zealand, the Alliance, United New Zealand and Future New Zealand.20 This labelling reflects the current unpopularity of the institution of 'the political party' in New Zealand and the intention of the parties to avoid anti-party sentiment.

In the current Parliament, New Zealand First has done the best to exploit the growing mood of anti-partyism in the electorate. To a large extent, Winston Peters' success with the voters lies in their perception of him as the ultimate "anti-party-politician".21 In creating New Zealand First, Peters was well aware of public disenchantment with politics, politicians and parties, and on this issue he very carefully positioned his party on the side of 'the people'. Peters was also very careful to align himself with the anti-party mood, specifying, for example, that all New Zealand First MPs were to put their own electorates before the interests and policies of the party.

The Green Party is also in tune with anti-party sentiment, and downplays its 'party-ness', sometimes by posing more as a movement than as a party. In fact the Greens have been known to reject the idea that they are a party at all. When applying for permission to make a submission to the Royal Commission on Genetic Modification, the party said that it was not primarily a political party and its entry into Parliament was only to obtain another place to raise the Green voice (Upton, 2000b). Representing a somewhat pessimistic social movement and ideology, the Greens are ideally suited to exploit the negative anti-party and

20 The Green Party, too, more commonly uses its shortened name 'the Greens' without the term 'Party'.
21 Trotter described the establishment of New Zealand First as an anti-system response to the way politics had recently been carried out in New Zealand: 'Essentially, it's an anti-political mass of marginalised and disaffected New Zealanders operating outside the traditional party structure' (Trotter, 1993f: p.14).
anti-politics mood of the electorate. The Green Party generally exploits anti-party sentiment in the sense that it has promoted itself around the theme of distrusting the ruling elite and status quo politics.

Act is also strongly aligned with anti-party sentiments. The party's aim has always been to encourage the public to make the association between anti-politician feeling and anti-statism. The party's anti-politics have been best encapsulated in their slogan “values, not politics”. Their very name is an acronym (Association of Consumers and Taxpayers) that shows their origins as an interest group and belies any identification as a political party.

In the late 1990s a number of other ‘movements’ took on the task of reducing the influence of parties in New Zealand politics. The registration in 1999 of a party called the New Millennium Party is one example. According to its founder, David Phillips, the party was set up to get rid of political parties, and ‘revert the present state of chaos and bring a new era of peace’ (quoted in Rotherham, 1999: p.8). Likewise, the OneNZ Party claims to stand for an end to the party system, arguing that, ‘The solution is independent MPs with no boss except common sense’ (Bone, 2002a: p.30).

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22 The Greens have had solid strains of anti-party elements from the very beginning. When the first national gathering was held in November 1989 to explore the formation of a Green Party, the emphasis according to Stephen Rainbow, ‘was very much on building an “anti party party” with a strong regional focus’ (Rainbow, 1991: p.88). The environmental activists’ suspicion and disdain for political parties also led them to reject traditional organisational structures when they built the new party, with Rainbow commenting on the extreme ‘fear of hierarchy in the Greens, an almost pathological distrust of power’ (Rainbow, 1991). See also: Jesson (1991 f: p.158).

23 The New Millennium Party aimed to achieve this by winning a number of list seats through appealing to the anti-party vote, and then refusing to fill the seats in Parliament. After only a few months in existence the party claimed nearly 2,000 members (Rotherham, 1999: p.8).
Alternative Political Movements

Some commentators have suggested that parties are being replaced by interest groups and single-issue campaigns. It is certainly the case that political parties no longer have a monopoly on political participation, and that an array of new groups and single-issue causes are being adopted by the public. This rise of ‘single-issue’ groups and various social movements has gone hand-in-hand with the weakening relationship of political parties with the New Zealand electorate. It is a sign of the public’s antipathy towards political parties that those people who are still interested in political participation are now increasingly inclined to channel their activity into these alternative avenues of political involvement.²⁴

That there has been a distinct trend of people showing less enthusiasm for the main parties and more interest in single-issue politics is apparent in the interest shown for environmental and charity groups. The decay of New Zealand party politics into single-issue activism is also illustrated by the fact that more people belong to the Royal Forest and Bird Society than all the parties combined.

But arguments about the rising influence of alternative organisations can often be exaggerated. As Chapter Five pointed out, a number of political and non-political societal organisations have also faced declining participation. Groups from Greenpeace through to the Scouts have suffered significant membership decline.

Increase in Candidate-Centred Politics

New Zealand society’s anti-partyism is reflected in an increased candidate-centred politics. Although political parties are still central to parliamentary

²⁴ Lipow and Seyd: ‘The “market for participation is now more open and varied than previously and, as a consequence, political parties face a more vibrant, competitive market for people’s support’ (Lipow and Seyd, 1996: p.276).
elections, the influence of anti-party sentiment has encouraged many party-backed candidates and MPs to emphasise their independence from their parties. More than ever before, candidates are downplaying their party backing and selling themselves as the champions of local issues. New Zealand First candidates, in particular, are notable for such an emphasis. Despite the party’s name, New Zealand First made this ‘localism’ part of their founding platform in 1993, professing that their candidates would put their electorates first. There are many other examples of candidates attempting to de-emphasise their party backing. For instance, in the 1996 general election Derek Quigley erected his billboards minus any reference to his Act party, and only added the party logo in the last week of the campaign (Carr, 1997: pp.88-89). But the tendency relates more to party leaders. For example, in the 1990 election Mike Moore sought to counter the unpopularity of his own party by simply publishing newspaper advertisements without the Labour Party logo, and by selling the benefits of electing Moore as Prime Minister rather than electing a Labour Government.25

The increasing use of presidential-style strategies has been studied by a number of political scientists, such as Jackson (1991).26 The rise of leadership-based and personality campaigning occurred most dramatically in the 1960s. Although party leaders have always been a central part of any party political election campaign, the question of leadership was not necessarily a primary issue, and in contrast to the centrality of leadership today, the campaigns of the past were relatively free of the intense focus on personalities. As well as matching the rise of electronic media, this increase in presidentialism in parliamentary elections is the logical

25 Jackson commented on the case of Labour: ‘Providing a new twist to theories of “party identification” in voting, it had already in many instances played down or reportedly omitted the label “Labour” altogether. With a new leader elected so soon before an election it now largely abandoned not only the traditional label but also the traditional “team” emphasis with a campaign centred upon individual leadership’ (Jackson, 1991).

extension of anti-partyism, and this has been witnessed in recent New Zealand elections.\textsuperscript{27}

That political parties are unpopular with electors is reflected particularly strongly by the decline or withdrawal of national-level parties from local government politics. Although the backing of a national political party might have once been an asset for a hopeful mayoral or council candidate it is now more likely to be a liability at the level of local government. Therefore even those individuals who are members of political parties now normally choose to distance themselves from such organisations and often run under alternative non-party labels. So-called 'independent' candidates now make up the overwhelming majority of local body politicians. For example, of the 1,992 councillors and community board members elected in the 1995 local body elections, 1,694 (or 85 percent) rejected any party label (Berry, 1998: p.A6). In the 1990s, the Labour and Alliance parties still played a small role in local government elections but, according to Ruth Berry, both admitted 'their place in local body politics has changed and that they are focusing on endorsement of more independents and building cross-party initiatives with other local groups instead' (Berry, 27 Sep 1998: p.A6).

**Political Reforms**

A number of political reforms have been introduced since the early 1990s that have related to and reflected anti-party sentiment in society. For example, the introduction of Citizen Initiated Referendums in 1993 related strongly to the government's desire to counter anti-party sentiment amongst voters.\textsuperscript{28}

The most significant political reform has been the introduction of MMP, which paradoxically makes political parties more central to the political process. There

\textsuperscript{27} Jackson: 'those without strong partisan commitment and relatively low interest in politics are especially prone to see politics in terms of political leaders compared to those with higher levels of interest who tend to give more weight to issues' (Jackson, 1991).
is no doubt, however, that the groundswell of popularity for shifting to MMP was at least partly due to a desire by many voters to punish politicians and parties – especially Labour and National. Likewise, the subsequent and substantial demand for the abolition of MMP in the late 1990s reflected strong dissatisfaction with the party system. Similarly, it is likely that anti-party sentiment is part of the public's desire to reduce the number of MPs. In a 1999 referendum, 81.5 percent of voters supported reducing the size of Parliament from 120 to 99 members.

The Electoral (Integrity) Amendment Act 2001 (otherwise known as the 'Anti-Party-Hopping Act') passed by Labour, the Alliance and New Zealand First, is another measure designed to stymie the continued evolution of the party system, and to appeal to the public's anti-party reactions to the evolution that has already taken place. The Act obliges MPs to leave Parliament if they depart from the party with whom they were elected. Ironically, although the act was introduced to mitigate the public's anger with politicians within the MMP system, it actually strengthened the power of the party (or at least the parliamentary leadership) against the individual MP.29

Another indication of anti-partyism is public attitudes to the growing state regulation of political parties. As detailed in Chapter Nine, some politicians, parties and commentators have acted on anti-party sentiments in society to promote a greater degree of state monitoring, control and prescription of political parties and their affairs in the past two decades.30 The intention and effect of these regulations has generally been to weaken the parties (or at least the extra-parliamentary wings). The New Zealand public has become increasingly in favour of such regulation by the state. For instance, public concern about anonymous and large donations to parties indicates a general suspicion and

30 It might seem ironic that the parties that the public distruts now have greater recognition in electoral law than ever before, but this is perhaps a consequence of the mistrust - the public feel that the parties need to be reined in and regulated.
dislike of the parties and the perception that, as independent and private organisations, political parties might possess too much power and autonomy. Advocating tighter controls on the financial affairs of political parties seeks to disempower them. Similarly, public alienation is reflected in opposition to the provision of state funding of parties.

**Declining Political Trust**

Since the 1960s – and particularly from the mid-1980s onwards – New Zealanders’ trust of government, democracy and political parties has been in decline. At the start of this period, positive attitudes to politics were still detectable. For example, a 1966 survey by Austin Mitchell showed that only 8 percent assessed the quality of MPs as ‘poor’, while 46 percent of respondents rated them as ‘good’ or ‘very good’, and 46 percent rated them ‘satisfactory’ (Mitchell, 1969a: p.180). The same survey suggested that 86 percent of the public thought Labour or National could be relied on to either completely or at least partly, fulfil their election promises (ibid: p.197).

Contemporary political culture, by contrast, is characterised by a great deal of cynicism and distrust. A central part of this is a suspicion of political parties, which reflects the growth of anti-partyism. There is a great deal of survey data that illustrates the public’s declining levels of trust and confidence in parties. According to the Heylen Research Centre’s report, *Full Trust and Confidence Polls, 1975-1993*, public trust and confidence in party politics, ‘declined markedly during the 1970s and 1980s: in 1975, 33 percent of the population said they trusted their politicians but by 1993 this had dropped to a mere 4 percent’

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31 For instance, a 1992 NBR poll showed that 90 percent of New Zealanders believed there should be public disclosure of all donations to political parties (Laugesen, 1995). The NZES survey of 1993 also showed that 70 percent of voters favour financial disclosure (Vowles et al., 1993: p.186).

32 The most recent opinion poll undertaken on the topic of direct state funding of parties – commissioned by the National Party in 1988 – showed that 81 percent of New Zealanders are opposed to it (Press, 1988). In the 1993 NZES survey, only 12 percent favoured state funding of parties (Vowles et al., 1993: p.186).
(quoted in McRobie, 1995: p.321). Around this time another poll found that 81 percent of New Zealanders believed politicians were 'corrupt' (James, 1993: p.273).

Vowles and Aimer also found that 46 percent of 1990 voters exhibited a mistrust of New Zealand's main parties – either distrusting both Labour and National or distrusting one and being unsure of the other (Vowles and Aimer, 1992). Then at the 1993 general election a NZES survey found that Labour and National each had the trust of only 14 percent of respondents (Vowles et al., 1995: p.132).

Paul Perry and Alan Webster's 1999 New Zealand Study of Values found that 92 percent of adults surveyed had either 'very little' or no confidence in New Zealand political parties (Perry and Webster, 1999: p.15). The survey showed that 'only a quarter believed that political parties cared about what ordinary people thought' (Vowles, 2002b: p.413). Similarly, those expressing either 'quite a lot' or a 'great deal' of confidence in government had dropped from 48 percent in 1985 to only 16 percent in 1998. Webster commented, 'Government has suffered a massive decline in public confidence over that time, far more than any other institution we surveyed' (quoted in Laugesen, 1999e). Significantly the study found growing disenchantment with party democracy itself. Thirty-nine percent of respondents were in favour of having 'experts, not a government, make decisions according to what they thought best for the country'. Seventeen percent were in favour of a 'strong leader who doesn't have to bother with parliament and elections', and two percent expressed support for army rule (Perry and Webster, 1999).

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33 The Labour Party was distrusted in 1990 by 55 percent of the population, while three years later National was faced with similar levels of distrust (Banducci and Karp, 1997: p.2).
34 By comparison, an extensive 1995-98 World Values Survey found that '22 per cent of the public expressed confidence in political parties as institutions' (Dalton and Wattenberg, 2000a: p.264).
35 See also: Bale and Roberts (2002: p.16), and Levine and Roberts (2000: p.164).
36 According to Bale and Roberts, 'In 1993 and 1996 only one-third of New Zealanders surveyed felt they could trust the government most of the time' (Bale and Roberts, 2002: p.5).
Part Two: The Electoral-Professional Party and Anti-Partyism

The central focus of this thesis is on the shift away from the class-based mass membership party towards the electoral-professional party type. This second part of the chapter argues that a number of elements involved in this shift have played a significant part in producing dissatisfaction with, and alienation from, political parties. As outlined earlier, the electoral-professional party is characterised by an increased emphasis on elections, a social support base that is relatively heterogeneous, a much greater professionalisation of the party organisation, a significant decline in the numbers and involvement of party members, the prominence of a personalised leadership, and a stress on populist issues rather than ideology. It is associated with a weakened relationship between the party and civil society, but a correspondingly stronger linkage with the state. Most notably, the shift towards the electoral-professional party is inclined to produce an erosion of ideology, which is defined as an increase in electoral pragmatism and a move towards the centre of the political spectrum.

The initial shift towards electoral-professional parties can be identified as beginning in the 1950s and 1960s, when National and Labour began responding to significant changes in the social structure, and new technologies arose that changed the basis of political communication and electioneering. From this point on the New Zealand parties began behaving less like class-based mass parties, and instead displayed more of the characteristics described above.

As stated in Chapter One, these party models are heuristic ideal types which might be considered to exist at two ends of a polar spectrum, along which individual parties might position themselves at different places over time. Generally, between the 1950s and 2003 the New Zealand parties have been moving towards the electoral-professional end of the spectrum. In some aspects,
however, the transition process was temporarily interrupted during the 1984-93 period, when the party system was both radicalised and restructured. As argued in Chapter Two, parties in this period responded to significant changes in society and the economy, which meant that they were not highly characterised by either the policy-seeking orientation associated with the class-based mass party nor the office-seeking orientation of the electoral-professional party. Thus, erosion of ideology was not a key feature of this period. But in other ways the transition to the electoral-professional party was intensified. This can be seen in relation to the further decline in the class alignments of the parties (seen in Chapter Four), a substantial erosion of membership and party activism after 1987 (seen in Chapter Six), an increase in the professionalisation of the party organisations (seen in Chapter Seven), an increasing linkage with the state (seen in chapters Eight and Nine) and the growing prominence and dominance of a personalised leadership (seen in this chapter). This radicalism of 1984-93 also played a significant part in the story of party decline and the rise of anti-partyism, as radical policies were implemented causing considerable public dissatisfaction (as explored later in the section on 'Economic Globalisation'). In the decade since 1993 the existence of the electoral-professional party has become even more obvious and, at the same time, anti-party sentiment has become further embedded.

The connection between the transition to the electoral-professional party and the unpopularity of party politics is looked at more closely in the following sections.

**Ideological Erosion**

This thesis has attempted to show that the most significant element of the now dominant electoral-professional party is its orientation to ideology. Typically, the modern party institution is office-seeking and politically centrist. This trend towards convergence and pragmatism has both alienated voters and given them little reason to participate in party politics. Over the postwar period in which the
electoral-professional party has been becoming dominant in the New Zealand party system, there has generally been a substantial lessening of ideological differences between the parties. For many voters, the perceived stark choice in elections between a 'socialist' and a 'non-socialist' government has faded. In the 1960s such a characterisation of political competition lost its credibility for most voters, as a strong consensus developed, based around the social democratic welfare state.\(^{37}\) Its effect was to make citizens believe that the differences between the parties were less important. One survey in 1960 showed that half of the public felt there was little or no difference between Labour and National (Mitchell, 1962a: p.180).\(^{38}\) Another survey in 1966 produced a similar result – when asked about the degree of difference between the parties, 58 percent felt the difference was 'little', 'very little' or there was no difference (Mitchell, 1969: p.198).

The postwar consensus then started breaking down in the 1970s, and party politics started becoming more fluid and radical. As Chapter Two points out, both society and politics experienced turbulence from the early 1970s and minor parties like Values and Social Credit rose to significance in elections. It is not surprising, therefore, that a 1975 survey showed that the proportion of the public who thought the differences between parties were so small that it did not matter who you voted for, was only 20 percent (Levine and Robinson, 1976: p.142).

In the 1980s the dominance of the two major parties was re-established in the electoral system. By 1987 no other parties effectively contested the election, leaving only National and Labour in Parliament for the following three years, during which time they became incredibly similar. This increasing ideological

\(^{37}\) This long-term trend of growing dissatisfaction with poles of left and right was accelerated, first by the discrediting of social democratic economics in the 1970s, then by the collapse of Eastern European communism in the 1980s, and finally by the introduction and unpopularity of the free-market model in the 1980s and 1990s.

\(^{38}\) In a Gallup Poll of the same year, one third of respondents also agreed that 'there isn't much difference between Labour and National' (Mitchell, 1962d: p.180).
convergence was reflected in a Stephen Levine and Nigel Roberts survey at the 1987 election which found that 38 percent of voters thought there was either 'not much difference' between the parties or 'none at all' (Levine and Roberts, 1989: p.436). Three years later this had increased to 52 percent (Levine and Roberts, 1992: p.501).

During this period, the major New Zealand parties were starting to establish a 'new consensus' – one that echoes the postwar consensus, but with some significant differences (as examined in Chapter Three). Despite the shift to proportional representation, Chapter Three argues that after 1993 the party system increasingly offered only small policy alterations rather than significantly alternative political frameworks. The less meaningful choices available have encouraged a negative view of parties.

That New Zealand party politics have become bland and undifferentiated has been one of the major conclusions drawn by political commentators covering recent general elections. Of the 1999 general election campaign, for example, Molesworth noted that 'voters are simply not interested in talking about politics. The media have noticed this, too, as their focus groups tell them audiences do not want to watch or read about MPs' (Molesworth, 13 Aug 1999). Again in 2002 – aside from the debate about GM – the election campaign was deemed to be particularly unappealing for the public. Taking a larger view, astute political observers have commented on the growing distance between most people's lives and the issues and events of New Zealand's parliamentary elections. The fact that parties have a problem projecting a distinct or separate identity from one another makes them less appealing to voters. This reduces voter turnout and party identification and increases dissatisfaction with democracy.

These problems partly reflect the decline of ideological frameworks. As Frank Furedi argues, a strongly ideological framework formerly gave real meaning to politics in the West but has been lacking since the 1990s:
At the beginning of this [twentieth] century, political life was dominated by radically different alternatives. Competing political philosophies offered contrasting visions of the good society. Conflict between these ideologies was often fierce, sometimes provoking violent clashes and even revolutions. 'Left' and 'right' were no mere labels. In a fundamental sense, they endowed individuals with an identity that said something important about how they regarded the world and their lives. Ardent advocates of revolutionary change clashed with fervent defenders of the capitalist system. Their competing views about society dominated the conduct of everyday politics (Furedi, 1999).

Thus, by the start of the 21st century, there is little room for either the extension of neo-liberal reforms, or the socialist transformation of society, which encourages politics not only to be more moderate, but also somewhat apolitical (Furedi, 1999). There are fewer genuine passions and conflicts, and instead political debate has become more characterised by empty posturing about trivial matters and banal proposals (Furedi, Jul 1999). This does not mean that there are no conflicts and debates of significance, but just that there are fewer that structure party politics. As a result of this depoliticised culture, all the political parties – and especially Labour and National – have become extremely pragmatic and have elevated opportunism over principle. Where no real clash of views occurs and the politicians avoid debate over any sort of principle few voters are likely to respect party politics, feel any loyalty towards them and engage in politics themselves.

Hermann Schmitt and Soren Holmberg (1995) have argued that the level of polarisation in a party system has a direct effect on the degree of partisan ties. After studying the Swedish party system, Schmitt and Holmberg contend that 'an increase in the level of ideological conflict between the two major party alternatives leads to stronger partisan attachments in most countries', and conversely, a decline in ideological polarisation leads to a loosening of partisan

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39 Now without strong ideological frameworks there is an increasing fuzziness in what most parties represent. Bently et al. (2000) can credibly claim: 'The all-encompassing ideologies which dominated twentieth century politics have broken down during the last three decades. In the industrialised world, the economic and social policies of the so-called left and right have merged in increasingly fluid ways' (Bently et al., 2000).
ties among the electorate (Schmitt and Holmberg, 1995: p.113). Schmitt and Holmberg make it clear that if levels of ideological and issue conflict are low, then the whole existence or meaningfulness of a party is undercut: ‘Political conflicts are the *raison d'être*, the breath of life, for political parties. Without conflict parties languish’ (Schmitt and Holmberg, 1995: p.123). They argue that the further a party is from the political centre, the more it is likely to attract ‘true believers’, while ‘volatile pragmatists’ gravitate towards the mild centre parties (Schmitt and Holmberg, 1995: p.118). In their study of Swedish party system Schmitt and Holmberg found that the decline of partisanship there was largely the result of ‘the ideological alienation of voters and the increasing ideological similarity of the parties’ (Schmitt and Holmberg, 1995: p.117). Therefore, it is not surprising that with all the political parties in the New Zealand Parliament – and especially Labour and National – orienting or moving towards the centre, there should be an increase in anti-party indicators such as declining membership, party identification, turnout and so forth.

Reduced participation in politics also results from the reduced coherence of politics for many voters. This has arisen out of ideological convergence. Without strong ideological signposts, issues are made more unwieldy, which leads many voters to cease participation.41 Issues are less mediated by the clear-cut partisan platforms and convenient signposts that previously helped voters in the West understand and participate in elections and politics:

> In the post-war era, socialism could offer a visionary response to all such questions, transcending their complexities, and conservatism had different answers. Turnouts were high because political outcomes mattered, as everyone could see. Now, the centrist fudge that tends to be the only way these difficult, often technical problems can be

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40 Schmitt and Holmberg: ‘When ideological conflicts between parties diminish, people's need of parties abates and partisanship becomes less intense. Thus, one would expect partisanship and the relevance of political parties to increase again, if and when ideological differences and issue conflicts flare once more and become more acute’ (Schmitt and Holmberg, 1995: p.123).

41 According to Bently et al., ‘A more plausible explanation is that voters are put off by the complexity of issues they are being asked to vote on. Without such clear ideological preferences or party differences, making up one's mind is increasingly difficult.' (Bently et al., 2000).
addressed doesn't satisfy the appetites of baffled, indifferent voters yearning for a simplicity that's not available. So they switch off and clear out (Hugo Young, 2002).

Hans-Dieter Klingemann (1995) has also argued that the decline in attachment to political parties in advanced industrial democracies is a result of changes in the ideologies of the parties. The traditional appeal of political parties – and that which inspires loyalty and partisanship – is that the parties provide world views that relate to the major conflicts in society. That the old blueprints for solving society's problems have become outmoded, irrelevant or weak means that the parties have less appeal and interest for voters (Klingemann, 1995: p.186). In this situation, the political parties, like any sellers in a marketplace, have to manipulate into existence some sort of brand differentiation. That the parties promote themselves as being distinctive without any substantial basis only serves to confirm people's suspicions about them – that not only are they not distinctive, but they are often dishonest.

In New Zealand there is strong evidence which links partisan decline with party convergence. Significantly, while voter turnout had been recovering in the decade before 1987, it then declined markedly in the election of that year, starting off an ongoing decline that was only halted temporarily at the 1999 election. The 1987 election was also noteworthy because it was the first election after the Fourth Labour Government introduced neo-liberal economic reforms. This reform programme was associated with right-wing ideas and was widely acknowledged as moving the Labour Party to the right, eventually leading to considerable ideological convergence with National and an ongoing rearrangement of the party system. After this point, many voters saw little difference in whether a Labour or National government was in power, and thus had a reduced incentive to vote. Such a correlation is consistent with what Wattenberg (2000) discovered in other Western countries with falling participation:
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Wattenberg points out that in Britain, France and Germany, turnout decline coincided with significant party system change. Prior to their election to office in 1997, the British Labour Party made a considerable transformation into a centrist party much less tied to either the union movement or socialist beliefs. In the same election, turnout declined consistently (Wattenberg, 2000: p.75). Likewise, in Germany turnout fell significantly in 1987, when 'the Free Democrats' change of coalition partners led to a turn (die Wende) from a socialist to a non-socialist government. After this shift had itself played out, the consequences of whether the CDU or SPD held power probably seemed far less to many citizens' (Wattenberg, 2000: p.75). Likewise, Wattenberg says that the key date for turnout decline in France was 1988, and this followed two years of cohabitation and cooperation between the major parties of the left and right, which meant that 'the parties could no longer as effectively call their supporters to the polls based on fears of letting the other ideological tendance have power' (Wattenberg, 2000: p.75). Similarly, in the early 1990s, the polarised party systems of Canada, Japan, and Italy all collapsed, followed by a 'noteworthy turnout decline' in each (Wattenberg, 2000: p.75).

The Professionalisation of Politics

The shift of parties towards a more professional basis of organising has been one of the most well-established and important trends in Western party politics - hence Angelo Panebianco's use of the term electoral-professional party, which he says draws attention to this crucial organisational dimension. Panebianco's thesis is that the transition to electoral-professional organisations has in large part been caused by the impact of television and other new techniques of political communication, which together have been 'causing an earthquake in party organizations' (1988: p.266). The effect of these changes is to favour a
more heterogeneous audience and drive parties towards personalised campaigns and issue-oriented campaigns requiring ‘expert preparation’ (Panebianco, 1988: p.266). Professionals with extra-political and extra-party skills become of more use to the organisation than the traditional party bureaucrats who are therefore displaced. Similarly, these communications and technology changes undermine the position of party members. In general the whole nature of party operations change, as labour-intensive campaign practices are replaced by more capital-intensive methods. This change is discussed in Chapter Seven. It notes that such transformation strengthens the parties in some senses – especially in their greater ability to follow public opinion – but, at the same time, ‘the new modes of mediation also work to isolate them from the everyday reality of grass roots politics and to make them more invisible to their critics’ (Atkinson, Dec 1989: p.107). This has added to the public’s cynicism and apathy, according to Miller, because professionalisation has had ‘the unintended outcome of reinforcing the prevailing impression of distant, inaccessible and manipulative political parties and politicians out of touch with grass-roots sentiment’ (Miller, 2001: p.234).

Thus, the central part of the professionalisation and communications revolution in politics – the growth of the mass media and the introduction of television – has coincided with the increased indicators of public dissatisfaction discussed in Part One. The 1963 general election was New Zealand’s first ‘television election’, although other forms of media still dominated. Survey research in that year indicated that, ‘At least four-fifths of the electors, then, came into contact with the campaign (if at all) mainly by means of the mass media’ (Robinson and Ashenden, 1964: p.9). However, it was not until the 1969 and 1972 elections that politics became heavily television-oriented.42 In the 1980s and 1990s, television was the primary medium for connecting the parties with voters and thereby

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42 See: Harvey (1992a; 1992b). Also, according to Denemark, the use of television in election campaigns did not really develop properly until the 1970s, when ‘there was a significant reliance on television by Labour’s Kirk in 1972 and National’s Muldoon in 1975’ (Denemark, 1992: pp.163-164).
getting their message across. Television is now the central focus of election campaigns and its critical importance is recognised by all New Zealand political parties. There has, thus, been a distinct shift in the 'location of electoral communications, from newspapers towards television, from the constituency grassroots to the party leadership and from amateurs towards professionals' (Norris, 1998: p.115).

Of course the growing dominance of a television-centred politics has significant consequences for political parties and how they are perceived. In one sense, it further propels the trend of party politics towards a non-policy orientation, with party professionals concentrating on pushing 'what looks good on TV'. As Raymond Miller and Helena Catt have argued:

> The growth of the media, especially television, and the displacement of policy are related. With the evolution of modern television the "horse-race" aspect of election coverage has become pre-eminent. The entertainment imperative has played a significant role in magnifying personal competition and conflict to the virtual exclusion of reasoned debate (Miller and Catt, 1993: p.181).

As such, the focus of the media is increasingly on trivial personal and leadership issues. 43 Colin James has argued that this focus on the superficial is not in line with the interests of voters:

> In the USA, for example, the media typically report elections primarily as a game, emphasising candidates' character and personality, and treat policy mainly as an ingredient in a candidate's strategy to win the race. So coverage of policy is usually fragmented (for example, into 10-second "sound-bites" for television and radio) and loaded with reporters' interpretations. Voters, by contrast, have indicated to pollsters that their frame of reference is not the game, which makes no difference to their lives, but policy, which, when implemented, does (James, 2001a: p.202).

With this professionalisation has come a move away from traditional forms of political organising, towards the use of highly technology-dependent methods, delivered to individuals in private settings, where people participate in a very individualised way:

Voters decide on political attitudes in a private setting, largely removed from interaction with peers, and almost completely removed from interaction with politicians. This is the very opposite of the interactions characterised by the town-meeting. The creation of political reality from television campaigns is therefore asocial in the sense that it does not in any way involve those whom it directly affects – the voters. This 'privatisation of politics' is one consequence of television-fought political campaigns; the public construction of political reality gives way to a private construction displacing 'politics' from the public arena to the realm of the private space. Politics become privatised (Wilkes, 1978: pp.218-219).

Such an individualised system of democracy cannot effectively promote citizen involvement. Carl Boggs has pointed out that there is consequently nothing surprising about the existence of anti-partyism and a resentment of political parties: 'Depoliticization is the predictable mass response to a system that is designed to marginalize dissent, privatise social relations, and reduce the scope of democratic participation' (Boggs, 1998: p.315).

As in other Western democracies, the modern New Zealand parties perform the task of 'aggregating thousands of atomised voters who are not expected to participate in politics beyond providing an election vote' (ibid). This mobilisation of voters by parties is no longer done from within civil society, but from above society. In order to perform this task, the parties have professionalized – which as Chapter Seven has described, has meant giving significant control to party professionals who often do not originate from within the party but who are dedicated to the idea of politics as a marketing enterprise rather than an ideological struggle (ibid).

Remoteness from Civil Society

One of the central argument of this thesis is that there is a significant and growing decline in the linkages between political parties and civil society. This is another key characteristic of the electoral-professional party. It has been argued that the linkages between parties and voters have been weakened in terms of social cleavages (Chapter Four), by means of the weakening relationships with
societal groups (Chapter Five), and through declining membership numbers and participation (Chapter Six). Correspondingly, political parties are professionalizing and using technology and media and public relations specialists to communicate with society (Chapter Seven). The parties' organisational penetration of society has, thus, become shallower, and this has led to a closer relationship between parties and the state (chapters Eight and Nine).

The decline in membership has acted to reinforce anti-party attitudes, mainly by reducing the reach of political parties into civil society. With sizeable memberships now being the exception rather than the norm, parties no longer have representatives in the form of members, interacting with the electorate at large. Parties have become an alien and distant phenomenon. As Miller has pointed out, the decline of New Zealand's parties as mass parties 'is likely to accelerate the process of public disengagement and exacerbate feelings of political cynicism and distrust' (Miller, 2000: p.19).

This downgrading of the party outside of Parliament further severs the connection between civil society and the politicians, as it has traditionally been through the mechanisms of the extra-parliamentary party that the public has been able to participate and interact with politics – through membership of the parties, public meetings, the visit of canvassers to homes, and so forth. Electoral-professional parties, by contrast, are substantially removed from the reality of people's everyday lives (Diamond and Gunther, 2001: p.xii). It is no surprise that people therefore have less attachment to them or are so unresponsive or unforgiving of their errors or crimes. The decline in the extra-parliamentary organisation logically encourages a lower voter turnout, as the parties are less equipped to mobilise voters at election time.44 Parties simply do not have many volunteer workers to contact voters, which in the past enhanced

It is no surprise therefore that turnout has fallen most sharply in countries where parties have low memberships.\footnote{See Vowles, who argues that, 'A decline in party mobilisation of voters and a movement away from traditional parties have been linked to New Zealand’s declining turnout (Vowles 1994). When New Zealand political parties had higher memberships, there was almost certainly significantly greater contact between voters and political parties face to face by means of party canvassing door to door, which also assisted the process of voter enrolment' (Vowles, 2002d: pp.90-91).}

Chapter Eight argued that the organisational relationship between parties, society, and the state has distinctly changed in New Zealand. To a large extent the electoral-professional model moves parties away from acting as the representatives of civil society at a state level. Instead it is being seen as part of the apparatus of the state itself (Mair, 1994: p.8). Typically, the electoral-professional party is organisationally very separate from voters – something above civil society, rather than something inside society. In the process of the party leaderships shifted away from a reliance on traditional forms of funding, while becoming increasingly reliant on the state for resources, the principles of trust, accountability and representation between leaders and members have been sacrificed. Parties have become more resource-rich, but this has been at the expense of an inter-dependence with their constituencies. Inevitably this marginalisation of members has encouraged the feelings of cynicism and distrust with which most people now view political parties (Mair, 1997: p.153).

The New Zealand parties used to be a greater part of people’s lives: many voters were party members, parties held more ‘meaningful’ and often well attended public meetings, the leaders used to visit the electorates to communicate ideas, a large number of party members decided on the candidates for public office, and so on. This was reflected in the relatively large membership bases of the parties and the strong cleavage bases of the parties. In New Zealand the class mass party was strongly rooted in civil society – it came from and belonged to

\footnote{In Scandinavian countries, by contrast, where party membership is still relatively high, turnout has held up much better than most other countries.}
civil society, and each party sought to express and implement in public policy the interests of its members and supporters.

Now there is less direct communication between parties and voters. The actual party organisations – as opposed to the parliamentarians – have no real communication with voters beyond the media. None of the New Zealand parties operate any substantial channel of public communication, such as a widely circulating or regular party newspaper.\(^47\) In fact nearly all party communications originate out of each party’s parliamentary headquarters and are created by state-paid professionals rather than by the extra-parliamentary head offices. In contrast, the extra-parliamentary organisations are increasingly just the invisible election machines for politicians.

It is not merely the remoteness of parties under this model that might reduce the public’s empathy for them, but it is because ‘cartelisation’ shifts the party leaders further into being ‘a self-interested, unprincipled, power-seeking party elite’ (Diamond and Gunther, 2001: p.xii). Also, as Chapter Eight suggests, the growing subsidisation of political parties (and the scandals that erupt around it) also encourages the public to resent the parties even more. That the parties get into Parliament and then devise rules and ways of funding themselves might be cause for the public to regard the parties as parasitical or corrupt.

Politics is seen by many voters as a game played by cynical insiders with little social concern, and this breeds cynicism in audiences (Bennett, 1998: p.743). Political parties are ascribed the cynical motive of only being interested in buying and manipulating the votes off the public. The only time that voters have any real contact with parties – if at all – is during the election campaign.

\(^{47}\) In the past, parties in most countries controlled their own resources, maintaining a network of communications, (often a widely read internal or ‘public’ newspaper) (Mair, 1997: p.135).
By contrast, where in Europe political parties retain large elements of their class mass nature, they are often more integrated into society in areas outside of parliamentary politics:

Parties in Germany, Sweden and Finland have large budgets devoted to training and political education. Parties in Italy run festivals of music and theatre and play a rich part in their members' social lives. Parties in Belgium run the national health insurance, Swedish parties run their lottery, and Spanish even train former guerrillas from Latin America in the ways of democracy (Leonard, 1998).

In all these ways, political parties here are becoming more remote, and together these developments are playing a considerable part in the increasingly widespread anti-party sentiment in New Zealand society.

The Relegation of the Extra-Parliamentary Party Organisations

Under the class mass party model, the extra-parliamentary party organisation has an exalted position, and played some role in counterbalancing the parliamentary leadership. By contrast, the electoral-professional party model dictates that the place of the party organisation is downgraded and weakened, while the position of the parliamentary wing and leadership is enhanced. Whereas the class mass party is, by definition, one that integrates a large number of the population into the political process, the electoral-professional model places a low value on popular participation. This allows the leadership increased autonomy to easily alter party policy in response to exogenous factors.

For the parliamentary wing to be able to assert their dominance over the party organisations and actively weaken the role of those organisations, this sometimes requires the politicians to denigrate the status of these organisations by promulgating anti-party sentiments and arguments. In this way, the politicians pose as restraints on the overly-partisan, petty, or ideological influence of parties.
As discussed in Chapter Six, the role of the extra-parliamentary organisations especially came under attack in the 1980s. The first significant experience the Labour Party had with this was immediately after its election to government, when its Economic Summit was organised without an invitation being extended to the party. The new party president, Margaret Wilson commented that, ‘Given the importance of the Economic Summit... we had expected to be invited.... It was obvious, then, that the government intended from the outset to lay down the ground rules of how it saw its relationship with the party’ (Wilson, 1989: p.46).

The leaders of the Labour Government clearly showed that they had little regard for, or felt bound by, the extra-parliamentary wing. To the Cabinet, neither decisions made at party conferences or by the Policy Council were deemed to control the party's MPs. Deputy Prime Minister Geoffrey Palmer told a Labour Party annual conference that, the 'Government reserved the right to implement the policies it chose' and suggested that party 'manifestos are merely statements of intent and cannot be seen as binding contracts' (quoted in Chapman, 1999: p.344). According to Chapman, 'The right of conference as nominal governing body of the Party to contribute to binding electoral policy was thus... set aside by the Party’s parliamentary leaders' (Chapman, 1999: p.345).

Throughout his time as the minister of finance, Roger Douglas treated his own Labour Party 'as but one more vested sectional interest which the government should not allow itself to be captured by' (Mulgan, 1992: p.520). Douglas argued that his government was there to serve the 'nation as a whole not to particular interest groups, institutions or political parties' (quoted in Mulgan, 1995: p.91). Also of note, was government minister Richard Prebble’s statement that the Labour Party was 'totally irrelevant to the election undertakings we gave to the New Zealand public', and Trevor De Cleene agreed by stating that 'political

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48 Roger Douglas and his colleagues ‘embraced the argument of public choice theory that all political pressure for policies contrary to their own prescriptions was the self-serving expression of vested interests. Once persuaded that the public interest demanded that they stand firm against all political opposition, they felt obliged, if necessary, to use all power at their disposal to override their own parties’ (Mulgan, 1997a: p.117).
parties do not and should not have a role in Government' (both quoted in Sheppard, 1999: p.8).49

When the New Zealand Council of the Labour Party declared that Jim Anderton’s expulsion from the Labour caucus was unconstitutional and that he would have to be readmitted, Prime Minister David Lange, ‘told a press conference the Labour caucus would not be dictated to by any external agencies’ (Trotter, 1995f: p.7). Ironically, 12 years later, when Anderton was leader of the Alliance and deputy prime minister, he also argued that MPs needed to resist the ‘subjugation to unaccountable back-room party officials’ (Anderton, 2002). He characterised his disagreements with his own party as being because he was trying to stop such party officials – and in particularly, his party president – from attempting to run the country.50

Many of the arguments that politicians have used to subjugate the party organisations relate to the ‘liberal constitutional’ model of the proper role of MPs in Parliament. As opposed to the ‘democratic’ party model which views MPs as being elected primarily as party representatives expected to be members of a party team in Parliament, the liberal constitutional model sees ‘individual MPs as independent representatives of local constituencies’ (Mulgan, 1997a: p.106). According to Richard Mulgan, the ‘liberal constitutional’ model is ‘liberal’ because, ‘it was associated with classic British liberals of the nineteenth century, such as the philosopher J.S. Mill, who sought to restrict the power of the state and particularly valued the freedom and independence of individual MPs’ (ibid). In a more conflict-orientated and collective fashion, the ‘democratic’ model

49 Mulgan labelled this strategy “Rogerpolitics”, pointing out that Douglas believed that, ‘if the people were to be consulted it was as members of a disorganised and passive mass, through opinion polling... or through media advertising’ (Mulgan, 1997a: p.324).

50 Many of the new political parties of the 1990s were set up in a way that centralised power. Instead of establishing the parliamentary-party organisation dichotomy of the class mass party, new parties like Act designed its constitution and party operations in an attempt to prevent such dual-power situations from occurring. See: Hine (1995: pp.18-21).
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believes that the 'function of political parties is to appeal to the various sections and interests of the plural society and enable the voters to use their vote to help choose a party-based government and to influence its policies' (ibid: p.107).

In its simplest form therefore, the liberal constitutional model is anti-party and the democratic model is pro-party. Liberal constitutionalists generally welcome any mechanism or agreement that acts to reduce the power or influence of political parties in Parliament. In a sense, conscience and free votes are a concession to the liberal constitutional model.\(^{51}\) Liberal constitutional anti-partyism is also implicit in arguments about the value of select committee work in the New Zealand Parliament. Some politicians and commentators have encouraged the New Zealand Parliament to place more emphasis on the work of these committees – as is the case with the United State congressional committees – and under MMP this has in fact occurred.\(^{52}\) Similarly, an emphasis on MP electorate work is advocated. This is largely because electorate work is non-partisan. In this situation the MP supposedly interacts with the public not as a party member but as a local Member of Parliament.

Often anti-party politicians and commentators argue that the New Zealand parties are ideologically restrictive.\(^{53}\) This argument is premised on the liberal constitutional idea that individual MPs should make their own decisions in Parliament. It is said that parliamentary or social debate is restricted because party members are obliged to resort to their party line and this impedes real debate and reasoned decisions. Therefore a common popular criticism is made that MPs do not vote in Parliament as they truly wish, but simply follow the dictates of their 'party bosses'.

\(^{51}\) However, in practice, conscience and free votes actually allow strong party unity to otherwise continue. Such votes, which occur infrequently, are normally only permitted where 'Party unity may be unnecessarily threatened if the party comes down on one side or another' of a contentious issue normally associated with morality, such as abortion or euthanasia (Mulan, 1997a: p.113).


\(^{53}\) See, for example: Upton (1993c).
Liberal constitutional critics also claim that the existence of parties leads to unnecessary politicking — and therefore division — over questions that might otherwise be put 'above politics'. It is said that consensus and the development of the best outcome are stymied by the existence of competitive blocs. Related to this, technocrats have pushed the argument that there are some key policy areas that are either too important or too technical to be left to party politics. Attempts are therefore made to find multi-partisan agreements (which really means 'multi-politician agreements') on issues, with compromise being viewed as honourable, and certain areas of policy deemed to be best left to the decisions of experts. That the Reserve Bank has been given a substantial degree of control of the country's interest rates is one such example, along with the short-lived superannuation accord and the Fiscal Responsibility Act.

That parties in power seek to further the interests of their supporters when in power is also criticised by those that think politics should not be so strongly partisan. Yet the whole concept of the political party is to be partisan — that is to fight for particular interests rather than be neutral. Elements of the liberal constitutional model are therefore compatible with the electoral-professional party, which is essentially about weaker organisations facilitating the election of individual politicians rather than a movement of voters in society.

**Economic Globalisation**

There is much about the increase in anti-partyism that is not closely related to the shift to the electoral-professional party type, but rather to the implementation of neo-liberal economic policies during the 1984-93 period. As Chapter Two examines, parties in power during this period were pressured by exogenous forces — which might be referred to by the term 'economic globalisation' — to adopt a new economic framework that was neither mandated by voters nor popular. In implementing the reforms, both the Labour and National parties were
not simply acting as policy-seeking class mass parties nor as office-seeking electoral-professional parties, but were being forced into a managerial-reforming orientation by particularly strong exogenous economic forces. The economic restructuring that occurred was perceived by many as an attack on jobs, living standards and social services. Thus, widespread hostility to this programme resulted. There is plenty of evidence to suggest that much of the public has a negative opinion towards the economic restructuring of the 1980s and 1990s and that this negativity has carried over to a general suspicion of the parties that carried out these programmes as well as towards established political institutions in general. Therefore not only did the successive parties in government during the 1980s and 1990s negatively affect public confidence in themselves but they also managed to tar the whole party institution – and politics in general – with their actions.

Susan Banducci and Jeffrey Karp have also argued that New Zealanders' trust in their political parties is related to the performance of the parties – in particular in their handling of the economy when in government. They argue that the 'dramatic economic reforms implemented between 1984 and 1994 resulted in severe disruptions in the economy' and this led to a decline in trust for the parties (Banducci and Karp, 1997: p.6). Their survey research found that there was a relationship between a voter's perception of economic reform and their trust of the party in government. Similarly, in Britain, Arthur Lipow and Patrick Seyd have studied anti-partyism in depth, and believe that the popularity of anti-partyism can largely be put down to the economic downturn and restructuring since the 1970s: 'In our view, the anti-party theorists are a symptom of the economic and political transformation which began in the 1970s and has continued to gather force in the past two decades' (Lipow and Seyd, 1996: p.280).
As well as the substance of the reforms producing dissatisfaction, the 'style' in which they were brought about also angered the public. The style of the reforms can be summed up as being without mandate, and implemented without consultation but instead in the face of considerable public opposition. Such political behaviour throughout the 1984-93 period was not simply due to bad political management, but was actually strategic in the sense that because economic reform was necessary, its continued implementation had to be largely without warning. As David Lange famously explained, Roger Douglas had from the outset purposely not signalled that Labour would implement such policies, precisely because he 'thought they were worth implementing'. Douglas later made it clear that in order that the new economic programme was carried out, it was essential that public opinion be ignored. Thus the Fourth Labour Government broke promises and offended against the expectations of its key supporters in order that the new economic framework would be put in place. Such behaviour ran counter to the political culture of New Zealanders (Vowles, 2002b: p.417).

Following the Fourth Labour Government's transgressions, the next National Government's actions only cemented in these new impressions of political parties in office. The National Government broke a number of both specific and general promises, but more than this, the government continued implementing

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54 According to Vowles et al., 'It seems clear that the performance of New Zealand political parties in the 1980s and early 1990s has led to a crisis of confidence in those parties as effective means for democratic government' (Vowles, et al., 1995: p.131).

55 According to Mulgan, 'One of the major conventions governing single-party government was that the party would keep to its election policy as set out in the party's "manifesto" placed before the voters during the election campaign. This was the party's "mandate", the basis of its democratic right to govern.... When both Labour and National governments broke explicit commitments in their election policies they seriously weakened the cohesion of their parties, both in the parliamentary caucus and in the wider extra-parliamentary party' (Mulgan, 1997a: p.115).

56 For example, despite campaigning to remove the surtax on superannuation and promising not to change the social welfare benefit structure, almost as soon as the party got into power both promises were broken. Banducci and Karp: 'In November 1991, 95 percent of the respondents believed that Bolger broke promises' (Banducci and Karp, 1997: p.2).
neo-liberal policies without a strong mandate. Vowles et al. (1995) labelled the National Government's programme an elite driven agenda of change, criticising the fact that the party never gave any indication of its intention to continue the neo-liberal reforms of the previous government:

National for its part began to implement the most radical social agenda in the history of the New Zealand welfare state. Apart from a vague reference to the need to 'redesign' welfare with a view to achieving a more affluent and self-sufficient society, the reforms had not been the subject of public scrutiny or discussion during the election campaign (Vowles et al., 1995: p.10).

So not only did the new government break a number of promises, but it angered many voters due to the fact that despite the messages given in the 1990 election campaign, the new National Government represented the continuation of Rogernomics (Kelsey, 1995: p.41). According to Barry Gustafson, the neo-liberal economic restructuring that begun under Labour and continued by National, also severely damaged New Zealand's political culture:

there is no doubt that in New Zealand successive governments after 1984 pushed through radical reforms in a way and to an extent that was against the will of the majority of people. This destroyed much of the consensus on basic values that had marked New Zealand civil society and policies for so long, upset the balance between individual and community interests, and undermined respect for and trust in politicians and the political process itself (Gustafson, 2001: p.34).

That an elite was able to concentrate such power in their own hands and push through a series of unpopular reforms in the space of just a few years turned many people against party politics. By breaking their electoral mandate the Labour and National parties played a key role in creating public dissatisfaction with parties.

**Conclusion**

New Zealand's electoral-professional parties increasingly have no clearly defined constituency, ideology, structure, or objectives. It is therefore not surprising that
few New Zealanders feel particularly sympathetic towards their parties, when they have transformed into such diffuse and formless organisations. Constantly gravitating towards the centre of political opinion in order to maximise voter support, they may win voters over on an issue-by-issue basis but this catch-all strategy does not make for a cohesive relationship between a particular party and a particular section of society. The vitality of party politics has been removed by the professionalisation of the parties and the removal of any real differences amongst them all. And although party politics might be becoming less ideologically polarised, this does not reflect a widespread view amongst voters that New Zealand society has reached a 'golden age' where social and economic problems no longer exist. Instead New Zealand party politics are bland because the parties are exhausted and no longer have any ideologically coherent and convincing answers to the array of problems in society. From the point of view of voters, many social problems still exist, but the politicians are less relevant to these issues than they once were. According to political scientist Patrick Seyd: ‘Life for most people is about the insecurities, uncertainties and pressures of work; about maintaining a regular, reasonable income; and about the provision of accommodation. Politics is unimportant to most people’ (Seyd, 1998a: p.206).

Quite simply, if people are not strongly attached to any parties, and are hostile to them as a whole, it is because the politics on offer fail to provide any real choice. In advanced industrial democracies, the arrays of different party brands offer only variations on the same basic political programme. When party politics is a contest between sound-bites rather than alternative ways of organising society then it is not surprising that a certain disinterest or even disdain for the parties exists. While modern designer politics, with its market research and spin-doctoring might provide the election campaign with colourful personalities and trivialities, at the same time it makes the parties all appear bland. An insipid and vacuous party system obviously make party politics seem less relevant or worthy to voters.

57 See also: Mulgan (1995: p.89).
There has been little effort in New Zealand to document and explain anti-partyism. Yet it is a significant phenomenon in New Zealand – for every indicator of anti-partyism explored in Part One, it appears that New Zealand exhibits an advanced case. Tim Bale and Nigel Roberts (2002) have written what is the most comprehensive survey of anti-partyism in New Zealand, in which they convincingly illustrate how the indicators of anti-party sentiment have increased in recent years. However, they then conclude that because the recent increase in anti-party sentiment is only a continuation of early postwar trends, and is therefore an established trend rather than anything new, the prevalence of anti-party sentiment should be accepted as 'chronic' rather than 'acute' (Bale and Roberts, 2002: p.17). Bale and Roberts therefore suggest that those 'who stress the burgeoning cynicism, dealignment and anti-party sentiment would do well to pause and draw breath' (Bale and Roberts, 2002: p.17). Unlike this thesis, which views anti-partyism as one of the single-most important political phenomena of our time, Bale and Roberts see it as business as usual, saying it should be regarded, not as 'pathological', but as 'normal' (Bale and Roberts, 2002: p.17).

Yet if we are to accept as 'normal' the fact that political parties are perceived as failing, then we run the risk of being complacent about what is an increasingly shallow democracy. We are in danger of saying that the public’s dissatisfaction with party politics is not to be taken too seriously. Just because modern democracies 'still seem to function at least adequately' (Bale and Roberts, 2002: p.17) in spite of dissatisfaction with the parties, does not mean that this public alienation should not be taken very seriously. This issue relates to one of the larger conclusions of this thesis – namely that although political parties show no sign of disappearing or fading away, their survival should not in any way be taken as a sign of their good health or performance. The ongoing existence of the established parties is not proof of their health, but of their ability to adapt and continue to control the mechanisms of power. Therefore, instead of accepting the high levels of anti-partyism as normal, we should be asking whether political parties with such low public support can successfully remain the central institutions of representative democracy. Because anti-partyism shows no signs
of disappearing, it seems unlikely that political parties are soon going to be able to engage voters and win their commitment. As long as political parties are unable to produce security and general prosperity in a quickly changing world economy, they will lack legitimacy. In lieu of that happening, the only chance of politicians redeeming themselves is if they are successful in lowering the public's expectations of them.

Voter apathy and antagonism towards parties reflects what this thesis has argued is the decline of all the positive elements of political parties in parallel with the increase of all their negative elements. The positive elements in decline include party membership numbers, strong voter loyalty, connections with interest groups, and the parties' structuring and articulation of society's interests. In all these areas, political parties are weaker. On the other hand, political parties are more professionalized, more regulated and recognised by the state, they collect their votes from a broader cross-section of society, and are better financed. In this sense, political parties are stronger than ever. Therefore the political party institution per se is not in decline, and parties are certainly not disappearing. But this thesis has argued that parties are in decline in the sense that their political programmes are exhausted, they fail to inspire the loyalty of many voters, they have a very limited organisational penetration of society, and they no longer integrate civil society into the political processes of the state. This failure has fuelled voter apathy and antagonism towards politics, and general partisan decline.
Conclusion

Party Failure

Political parties in New Zealand are failing in their most important roles – that of providing meaningful choices and fostering citizen participation in political decision-making. Their ability to aggregate and articulate the interests of different sections of civil society into meaningful alternatives has been substantially diminished. Democracy is therefore being weakened. This failure is closely related to the homogenisation of politics. The key exhibit of this decline is the erosion of ideological differences about how New Zealand society might be organised. The convergence of policy and the elevation of electoral pragmatism have increasingly meant that parties cease to offer clear ideological alternatives about political direction. Voters have effectively been denied the clear policy choices about political direction that a party system should provide. Paradoxically, despite parties moulding their policies to the median voter and opportunistically using market research politics to create populist policies, the public is more dissatisfied with parties than ever.

This thesis has argued that political parties in New Zealand have evolved over the last half century from ideologically distinctive class-based mass membership organisations towards more generic electoral-professional elite formations. Whereas in the class-based mass party model the focus of policy and programme formulation is typically driven by the desire, above all else, to articulate and represent key social constituencies, the emphasis of the electoral-professional model is on electoral success, and policy formulation is merely a
means to achieve this. The result is that voters are no longer offered meaningful choices.

The two models of party studied here might be seen to sit at polar ends of a spectrum, and this thesis has argued that the New Zealand parties have moved considerably closer to the electoral-professional end. The transition has been central to most of the issues examined in the thesis. This final chapter seeks to relate this shift to an evaluation of the modern political party in New Zealand. Some of these issues have already been brought together in Chapter Ten, which looked at the public’s reaction to the transformation of political parties and found substantial alienation from the democratic process. This raises the question of whether the party institution is therefore in decline. The conclusion reached is that, while parties are not about to disappear, they are declining in the sense of their ability to fulfil important democratic functions.

This thesis is unashamedly political and normative. As Stefano Bartolini and Peter Mair have argued, ‘any discussion of the role of parties in present and future democracies involves strong normative overtones and combines different and not necessarily complementary hypotheses’ (Bartolini and Mair, 2001: p.338). This thesis is no different, and has painted the transition of New Zealand parties to the electoral-professional model as a negative phenomenon. A preference has been indicated for the politics associated with the class mass party, along with a critical view of the electoral-professional model and its many aspects.

The shift towards the electoral-professional form has been closely related to the changing structure of society. In terms of class, the old social cleavages and group identities associated with the emergence of the mass party have eroded or diminished. This heterogeneous political market further encourages the shift to electoral-professional parties that attempt to win broad popular support. A key part of this transition has been the erosion of the linkages between parties and
Conclusion

Civil society. Prior to this, New Zealand party politics was largely representative of the divergent interests of different classes, and these divisions provided the basis of much of the conflict and competition in the party system. With these relationships in society weakening, the materialist conflicts around economics and the role of the state (as represented by the left-right spectrum) have softened. Previously, the parties' close interaction with social structure, and with civil society in general, meant the party leaderships were never able to simply follow popular trends or base their policies primarily around pursuing the support of the median voter. Instead, parties were closely linked to their goals of representing and articulating the interests of certain social groups. Therefore mechanisms for attracting the median voter, such as market research politics, had little currency in party politics. The shift to more electoral-professional ways of organising has eroded these constraints on party leaders and shifted the focus of their activities. Parties have been increasingly oriented towards office-seeking, and without an active membership or a parliamentary interested public, there is now little to restrain this from occurring. While under this model the parties do not simply seek power at any cost, they have become significantly more inclined to do so. The pressures of a firm social constituency or large membership base have now disappeared and, as a result, all the parties in Parliament have become relatively unconcerned with ideological representation.

The obvious objection that might be raised to this type of 'end of ideology' analysis is that New Zealand has recently been characterised by highly ideological politics – firstly between 1984 and 1993 when government carried out radical economic reforms, and secondly in the post-1993 MMP environment where a multi-party parliament has involved a number of minor parties. This thesis has dealt with both periods in chapters Two and Three, and argued that neither of these examples contradict the long-term transition towards a low-ideology, pragmatic politics.
Chapter Two shows that in the 1984-93 period, politics was characterised by a strong technocratic managerial-reforming orientation rather than the radical ideological orientation that is commonly ascribed to it. The economic crisis determined that significant restructuring and change was required to return the economy to long-term viability. The Labour Government of 1984-90 chose to implement what was the dominant and increasingly orthodox economic 'solution' – neo-liberalism. By this stage the Labour Party had moved a great distance towards being an electoral-professional party, as it was substantially divorced from its traditional class base (in terms of its vote, membership and leadership), it had professionalized its organisation, its union affiliates were less influential, and the party was substantially more office-seeking in orientation than policy-seeking. It was therefore prone to the technocratic managerial politics required for the large-scale restructuring of the economy that occurred. The National Party joined Labour in this neo-liberal approach, and in power between 1990 and 1993 it accelerated the unpopular reform process. In implementing these policies, both parties were not acting in a simple policy-seeking orientation, as is associated with mass class parties wanting to transform society, nor were they simply following office-seeking strategies associated with classic electoral-professional parties. Rather, they were following a separate managerial-reforming orientation which led them to put aside office-seeking motivations in order to carry out what they perceived were the reforms necessary to retain the New Zealand economy's solvency. This period has, thus shown how important exogenous forces can be in shaping the policies of electoral-professional parliamentary parties and therefore of governments. It raises questions about the degree to which government policy is dictated by economic circumstances over which the party in power has little control.

It seems that while exogenous factors shape the environments in which political parties exist, as well as the set of policy options available, they do not determine exactly how parties will actually respond to those challenges. This allows issues relating to the parties' organisational form to influence political direction. That the
New Zealand parties implemented such radical and unpopular policies can be seen, therefore, to be related to their essentially electoral-professional nature. Such parties are inclined to change their ideological nature very easily, as well as operate in a managerial fashion, as was demonstrated in this significant period. By contrast, class-based mass parties are more rigid in dealing with such situations. This is due to the strong and formalised role of members in controlling the party, the large extra-parliamentary bureaucracy, and often close ties to ancillary organisations such as trade unions and business groups.

Chapter Three dealt with the post-1993, MMP era and showed how, despite the introduction of the proportional representation electoral system, the scope of ideological political conflict was actually reduced with the establishment of a 'new centre' or consensus in parliamentary politics. Whereas the 1984-93 period was marked by heightened ideological conflict and radical policies, after 1993 a new consensus emerged, based around the neo-liberal framework (albeit with some corrections). Under the MMP electoral system, voters were expected to be offered a smorgasbord of political options, but with the parties all shifting towards the centre of the political spectrum and becoming ideologically pragmatic, this diversity has not eventuated in any meaningful way. A strong political consensus has developed, with some similarities with the social democratic consensus that characterised the 1950s and 1960s.

Yet rather than seeing the post-1993 period as the start of a new consensus that merely mirrors the postwar consensus, it might make more sense to view the political events since the 1950s as being one where consensus and managerial politics is the norm under the electoral-professional model. In this sense, politics since World War II might be seen as one long consensus that was temporarily interrupted between 1984-93 because of the need for dramatic reform in the context of a deep and protracted economic crisis. However this crisis resulted in a new form of consensus. While the convergence in the 1950s and 1960s was around the priorities of welfare-state full employment, by the 1990s the agreed
set of principles revolved around the priority of markets. In this view, the radical interregnum represented the difficult birth process of a new consensus.

The post-1993 consensus has many other aspects that differentiate it from the consensus of the postwar period. These mainly relate to the fact that contemporary parties are even closer to the ideal-type electoral-professional party. Most significantly, the parties have become more oriented to seeking office, whereby plainly the primary goal is electoral success. This varies between the parties in Parliament (and within the various parties, the balance between office-seeking and policy-seeking orientations also obviously varies). The smaller flank parties such as the Greens and Act are not yet totally driven by simple electoral expediency (although this orientation is certainly strong in these parties), while it is hard to argue that parties like National, United Future, Labour, the Progressive Coalition Party and New Zealand First do not primarily exist in order to win office. They certainly have secondary goals, such as implementing or promoting particular policies and representing certain constituencies, but it is obvious that these functions have become more of a means to facilitate their primary objective than being a goal in themselves.

Party Decline or Failure

In recent decades political scientists throughout the West have speculated on the apparent decline of parties. Implicit in the term ‘decline’ is some sort of negative evaluation of the trends relating to parties. This thesis shares that evaluation, but is less inclined to summarise the transformation in the New Zealand party system as being one of decline. This is mainly because the term decline has connotations of disappearance or eventual death, and there is nothing about the New Zealand case to suggest the parties are dying or about to become extinct. Yet while parties are clearly not disappearing – and have in fact been strengthened in recent years – they are certainly failing in many of their functions, and are, in other respects, weaker organisations. The term ‘party failure’ might
Conclusions therefore better describe the nature of, and changes in, party politics in New Zealand.

The introduction to this thesis outlined four crucial roles that political parties supposedly play in modern liberal democracies. On the basis of this thesis, it might be said that they are failing in at least some of these key roles. First, parties are said to function as the agents of elite formation and recruitment. There can be no doubt that parties continue to function in this role, especially because the MMP electoral system guarantees them this role. Indeed, it is a sign of their survival and relevance that MPs in New Zealand still emerge almost exclusively from the parties.

Second, political parties perform the role of organising the government, providing leaders to government and controlling the state apparatus. Again it is difficult to argue that parties do not continue to be effective in this regard. This shows how, in spite of their supposed decline, parties continue to keep an iron grip on many aspects of politics.

Third, parties are said to serve as a point of reference for many supporters and voters, giving people a key to interpreting a complicated political world, as well as socialising and mobilising the public into politics. It is here that this thesis has raised questions about the degree to which the New Zealand parties do in fact foster democratic involvement and support on the part of the citizen body. In terms of involving citizens in the parties and in mobilising electoral turnout, the parties have clearly been performing poorly. This thesis has shown that the parties fail to integrate citizens into political decision-making.

Fourth, parties supposedly serve as agents of interest articulation and aggregation. They unite a multitude of specific demands into manageable packages of proposals that combine as coherent programmes. The programmes offer the various sections of society useful channels for seeking to influence
government policies in their favour. In this way voters are provided with a means of deciding between alternative ways of organising society. But the reality is that it is in this area that parties' capacities have most weakened. In becoming catch-all organisations, parties have clearly failed to publicly express and pursue the political demands of particular social groups.

**Conclusion**

The Introduction chapter asked in what ways New Zealand parties are transforming. That has been the main question of this thesis, and it has been answered in every chapter. Chapters Two and Three showed the considerable ideological transformation of the party system since the postwar period. Chapter Four showed the transformation in terms of the social structure of political parties. Chapter Five examined the transformation of parties' relations with societal organisations. Chapter Six showed the organisational transformation of parties, especially in regard to party membership. A similar transformation was seen in Chapter Seven – this time in regard to capital resources. Elaborating on the most significant change in capital resources, Chapter Eight showed how parties are harnessing the resources of the state for their own political ends. The related transformation in state regulation of parties was then detailed in Chapter Nine. Then the general response of the public to all of these transformations was outlined in Chapter Ten on anti-partyism and partisan decline.

This thesis has, thus, argued that New Zealand political parties have been subject to a tremendous transformation over recent decades, making them weaker in many ways, and stronger in other ways. A key part of this transformation has been an erosion of ideology whereby ideological competition in the party system has been subject to both centrifugal tendencies and increasing office-seeking behaviour. Other significant elements of party
transformation examined in this thesis include the declining linkage of parties with civil society, voter dealignment, and growing partisan decline.

Because this thesis has evaluated these trends to be negative for democracy and society, it is argued in this concluding chapter that the type of party transformation occurring in New Zealand might be described as party failure. This term is useful in conveying that the institution of party is failing in many of its roles, and its value to citizens is eroding. It does not mean that parties are disappearing, but that they are transforming into an inferior type of institution, the electoral-professional party. This thesis has compiled a large amount of evidence on the shift of parties away from their mass party form to the electoral-professional type. While this shift does not equate with party decline, it is closely linked with party failure and a shallow version of democracy that results from it.

The conclusions reached in each chapter have suggested that these party changes represent not merely a transformation, but a weakening or a failure. Such terms reinforces the idea that these changes are actually a negative phenomenon, not just a neutral transformation. To suggest that political parties have merely been “transformed” misses an important point. While it highlights the ways that parties have reacted to changes, it ignores the decay of the party institution due to the weakening of their position and role. It suggests a substantial dynamism on the part of the parties that this thesis has not detected.

In some ways the shift can be seen as nothing more than a change in the way parties organise, which might not be evaluated negatively or positively. Rather being a decline or degeneration, the parties have merely adapted to modern circumstances, and this can be examined dispassionately rather than judged. Certainly much of the political science literature has found these trends easier to describe than to evaluate. And as Webb has suggested, ‘Whether one looks at this and sees the glass half-empty (party decline) or half-full (party adaptation)
ultimately depends on what one understands by, and expects of, the term "democracy" (Webb, 2002b: p.13).

One of the main conclusions that arise from establishing that parties are failing and are less connected with citizens is that the Downesian model of political parties is more appropriate now than ever. Many political scientists have argued that although Western parties never operated quite as Anthony Downs asserted, his theory of the office-seeking party was best suited to the postwar decades up until the late 1970s. This thesis argues that the office-seeking model is again appropriate for understanding New Zealand political parties in the 1990s and beyond, and that it is in fact more valid than ever, due to the currently weak state of partisan ties. Therefore Downs most basic hypothesis that 'Parties formulate policies in order to win elections, rather than win elections in order to formulate policies' seems more relevant than ever in New Zealand politics (Downs, 1957: p.28).
## Appendices

### Appendix A: Party Membership (Membership/Vote)

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
<th>Vote</th>
<th>M/V</th>
<th>Year</th>
<th>Membership</th>
<th>Vote</th>
<th>M/V</th>
<th>Year</th>
<th>Membership</th>
<th>Vote</th>
<th>M/V</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>10,000</td>
<td>209,347</td>
<td>4.8%</td>
<td>1999</td>
<td>10,000</td>
<td>159,859</td>
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<td>2002</td>
<td>2000</td>
<td>25,888</td>
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<tr>
<td>1997</td>
<td>126,442</td>
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<td></td>
<td>145,493</td>
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<td></td>
<td></td>
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<tr>
<td>1998</td>
<td>70,000</td>
<td>629,932</td>
<td>4.0%</td>
<td></td>
<td>20,000</td>
<td>425,310</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>1999</td>
<td>276,603</td>
<td>87,926</td>
<td>3.4%</td>
<td>2000</td>
<td>12,000</td>
<td>800,199</td>
<td>1.9%</td>
<td>2001</td>
<td>14,000</td>
<td>838,219</td>
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</tr>
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<td></td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></td>
<td>2000</td>
<td>106,560</td>
<td>1.9%</td>
<td></td>
<td>4000</td>
<td>142,250</td>
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</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td>3000</td>
<td>135,918</td>
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<td>n/a</td>
<td></td>
<td></td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></td>
<td>2000</td>
<td>34,542</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

Source: The membership figures here are estimates based on the research undertaken in Chapter Six.

### Appendix B: Labour Party Membership

<table>
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<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917</td>
<td>1,000</td>
<td>Levine</td>
<td>1917-18; 1,000 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1925</td>
<td>5,278</td>
<td>Levine</td>
<td>1925-26; 5,278 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1934</td>
<td>6,554</td>
<td>Levine</td>
<td>1934-35; 6,554 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1935</td>
<td>8,300</td>
<td>Gustafson</td>
<td>'1935, there were only 229 branches in NZ with a total membership of 8300' (Gustafson, 1992: p.275).</td>
</tr>
<tr>
<td>1938</td>
<td>51,174</td>
<td>Gustafson</td>
<td>'between 1938 and 1969 the total direct branch membership of the NZLP dropped from 51,174 in 630 branches in 80 constituencies, to a mere 13,475' (Gustafson, 1976: p.10); (Gustafson, 1992: p.275).</td>
</tr>
<tr>
<td>1940</td>
<td>54,000</td>
<td>Hamilton</td>
<td>'Branch membership has declined from 54,000 in 1940' (Hamilton, 1972: p.205).</td>
</tr>
<tr>
<td>Year</td>
<td>Number</td>
<td>Source</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td>13,476</td>
<td>Gustafson 'to a mere 13,476 in 84 constituencies' (Gustafson, 1976: p.10).</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>14,000</td>
<td>Strachan 'a figure slightly above 14,000 at the end of 1975' (Strachan, 1985: pp.163-164).</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>14,000</td>
<td>Gustafson 'fewer than 15,000 after the 1975 defeat' (Grafton, 11 Nov 1990: p.16).</td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>14,000</td>
<td>Webber 'by the end of 1976, had rebuilt the party's branch membership to 14,000' (Webber, 1978: p.191).</td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>14,000</td>
<td>Strachan 'party membership rose to an estimated 45,000' (Gustafson, 1992: p.275).</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>14,000</td>
<td>Gustafson 'Labour's total of 15,000 or so individual members in 1975' (Wood, 1988: p.80).</td>
<td></td>
</tr>
<tr>
<td>1979</td>
<td>14,000</td>
<td>Gustafson 'By September 1976 membership had reached 55,000' (Strachan, 1985: pp.163-164).</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>14,000</td>
<td>James 'party membership climbed to around 80,000 in the early 1980s' (James, 1987: The State of the Parties: p.32).</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>14,000</td>
<td>Grafton 'fewer than 15,000 after the 1975 defeat' (Grafton, 11 Nov 1990: p.16).</td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td>14,000</td>
<td>James 'by the end of 1976, had rebuilt the party's branch membership to 55,000' (Webber, 1978: p.191).</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>14,000</td>
<td>Gustafson 'Labour had fallen from 100,000 in 1981 to 40,000 in 1984, he said' (McLennan and Rentoul, 13 Sep 1989).</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>14,000</td>
<td>Anderton 'claimed membership under his leadership was 80,000 back in 1984' (McBride, 2 October 1989: p.A9).</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>14,000</td>
<td>Grafton 'membership peaked at about 65,000 in 1989' (Grafton, 11 Nov 1990: p.16).</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>14,000</td>
<td>James 'party membership fell from around 45,000 before the election in 1984' (Kelsey, 1995: p.36).</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>14,000</td>
<td>Anderton 'there was 40,000 on the computer' (McLennan and Rentoul, 13 Sep 1989).</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>14,000</td>
<td>Kelsey 'party membership fell from around 45,000 before the election in 1984' (Kelsey, 1995: p.36).</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>14,000</td>
<td>James 'by the mid 1980s, before Labour returned to power, it could count around 135,000 members (300,000 if members of affiliated trade unions were included)' (Wood, 1988: p.80).</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>14,000</td>
<td>Wood 'party membership fell from around 45,000 before the election in 1984' (Kelsey, 1995: p.36).</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>14,000</td>
<td>NZ Herald 'the present figure is way down on a computed figure of some 42,000 recorded in early 1985' (NZ Herald, 31 May 1989).</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Estimate</td>
<td>Source</td>
<td>Notes</td>
</tr>
<tr>
<td>------</td>
<td>----------</td>
<td>--------</td>
<td>-------</td>
</tr>
<tr>
<td>1986</td>
<td>65,000</td>
<td>Wilson</td>
<td>Margaret Wilson estimates that there are about 65,000 individual members of the Labour Party (Ovenden, Sept 1986: p.30).</td>
</tr>
<tr>
<td>1986</td>
<td>50,000</td>
<td>Labour</td>
<td>The Royal Commission were advised that there were about 50,000 ordinary members in early 1986 (RCES, Dec 1986: pp.212-213).</td>
</tr>
<tr>
<td>1987</td>
<td>25,000</td>
<td>James</td>
<td>The party has suffered a big drop in membership - to around 25,000 by the best inside estimates (James, 1987 The State of the Parties: p.36).</td>
</tr>
<tr>
<td>1987</td>
<td>&lt;30,000</td>
<td>Wood</td>
<td>it thereafter dropped, to under 30,000 individual members in 1987, before the buildup for the August elections (Wood, 1988: p.80).</td>
</tr>
<tr>
<td>1988</td>
<td>10,000</td>
<td>Walker</td>
<td>By 1988, unofficial membership estimates stood at around 10,000 to 15,000 (Walker, 1989: p.217).</td>
</tr>
<tr>
<td>1988</td>
<td>24,800</td>
<td>Ansley</td>
<td>Labour's current financial membership is only 24,800 (although another 14,000 may yet pay their overdue fees) (Ansley, 28 May 1988: pp.20-21).</td>
</tr>
<tr>
<td>1988</td>
<td>11,000</td>
<td>Kelsey</td>
<td>'11,000 in May 1988' (Kelsey, 1995: p.36).</td>
</tr>
<tr>
<td>1988</td>
<td>11,000</td>
<td>Gustafson</td>
<td>only 11,000 by May 1988 (Gustafson, 1992: pp.275-276).</td>
</tr>
<tr>
<td>1988</td>
<td>10,000</td>
<td>Davidson</td>
<td>By the end of 1988, party membership had slumped to around 10,000 (Davidson, 1989: pp.324-325).</td>
</tr>
<tr>
<td>1989</td>
<td>9,000</td>
<td>NZ Herald</td>
<td>Labour Party membership is around 9000, senior party members have been told (NZ Herald, 31 May 1989).</td>
</tr>
<tr>
<td>1989</td>
<td>15,000</td>
<td>McBride</td>
<td>it is still, however, understood to be only around 15,000 (McBride, 2 October 1989: p.A9).</td>
</tr>
<tr>
<td>1989</td>
<td>8,000</td>
<td>Anderton</td>
<td>Mr Anderton, speaking at Otago University, said he understood the Labour Party had about 8000 members (NZPA, 31 May 1989).</td>
</tr>
<tr>
<td>1989</td>
<td>6,700</td>
<td>Anderton</td>
<td>The old Labour Party has somewhere between 6000 and 7000 members (quoted in NZPA, 15 Aug 1989).</td>
</tr>
<tr>
<td>1989</td>
<td>25,000</td>
<td>Atkinson</td>
<td>'The party has suffered a big drop in membership - to around 25,000 by the best inside estimates' (Atkinson, Dec 1989: p.36).</td>
</tr>
<tr>
<td>1980s 8,000</td>
<td>Gustafson</td>
<td>'Labour's membership dropped from about 80,000 to about a tenth of that figure during the 1980s' (Gustafson, 1993: p.74).</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>6,887</td>
<td>Sheppard</td>
<td>in 1990 the total membership of the Labour Party nationwide was only 6,887 (Sheppard, 1999: p.215).</td>
</tr>
<tr>
<td>1990</td>
<td>10,000</td>
<td>McLoughlin</td>
<td>'Labour's membership has fallen below 10,000' (McLoughlin, Sep 1990: p.85).</td>
</tr>
<tr>
<td>1990</td>
<td>20,000</td>
<td>James</td>
<td>'Membership slumped from around 50,000 in 1984 to around 20,000 on the most generous count in 1990' (James, 1990: p.66).</td>
</tr>
<tr>
<td>1990</td>
<td>13,000</td>
<td>Bain</td>
<td>'The last time political scientists garnered the official membership figures for Labour was in 1990, when it had 19,203 members' (Bain, 7 Oct 1999: p.8).</td>
</tr>
<tr>
<td>1990</td>
<td>12,000</td>
<td>Gustafson</td>
<td>'The Labour Party's mailing list to both financial party members and supporters in November 1990 was only 37,000, with the financial membership possibly being less than a third of that figure' (Gustafson, 1992: pp.275-276).</td>
</tr>
<tr>
<td>1990</td>
<td>10,000</td>
<td>Grafton</td>
<td>numbers are now believed to have slumped to about 10,000 (Grafton, 11 Nov 1990: p.16).</td>
</tr>
<tr>
<td>1991</td>
<td>13,000</td>
<td>James</td>
<td>'financial membership is a low 13,000' (James, Oct 1991: p.17).</td>
</tr>
<tr>
<td>1993</td>
<td>10,000</td>
<td>Hague et al.</td>
<td>'Labour's membership fell from around 80,000 in the early 1980s to under 10,000 in 1993' (Hague et al., 1998: p.136).</td>
</tr>
<tr>
<td>1993</td>
<td>7,000</td>
<td>McLoughlin</td>
<td>'Labour has about 7000 members left, most on paper only' (McLoughlin, Apr 1993: p.43).</td>
</tr>
<tr>
<td>1993</td>
<td>5,600</td>
<td>Elder</td>
<td>'a disaffected MP in April revealed party membership may have dropped from 5600 to 3600' (Underhill, 10 June 1994: p.9).</td>
</tr>
</tbody>
</table>
1994 3,600 Elder ‘a disaffected MP in April revealed party membership may have dropped from 5600 to 3600’ (Underhill, 10 June 1994: p.9).
1994 4,000 Douglas ‘Sir Roger said that the Labour Party had fewer than 4000 members’ (Birss, 20 Jul 1994).
1994 5,000 Sheppard ‘Labour Party membership has never been lower; it is widely believed to have slumped below 5,000 nationwide’ (Sheppard, Nov 1994: p.8).
1995 5,000 Booker ‘revelations that the Labour Party has hit an all-time low of fewer than 5,000 members’ (Booker, 24 Nov 1995: p.1).
1996 5,000 Sheppard ‘Labour Party membership has never been lower; it is widely believed to have slumped below 5,000 nationwide’ (Sheppard, Nov 1994: p.8).
1996 5,000 Kirk ‘membership thought to be somewhere between 5000 and 10,000’ (Laugesen, 24 March 1996: p.6).
1996 5,000 Kirk ‘membership has shrunk to less than 5000’ (Kirk, 8 June 1996: p.23).
1996 5,000 Booker ‘Labour Party membership is reputed to be below 5,000’ (Laugesen, 12 Sep 1996: p.13).
1996 6,500 Edwards ‘Party membership is up from an estimated 5000 last year ... to about 6500 now’ (Edwards, 24 Nov 1997: p.7).
1996 6,500 Herbert ‘membership had sunk to 5000 and remains low at 6500’ (Herbert, 24 Nov 1997).
1997 6,500 Kirk ‘membership numbers have shrunk to less than 5000’ (Kirk, 8 June 1996: p.23).
1999 20,000 Allen ‘We have membership exceeding 20,000’ (Allen, 24 May 1999).
1999 20,000 Laugesen ‘Labour’s membership has fallen from the 42,000-43,000 level in 1984, to just under 20,000’ (Laugesen, 1 Aug 1999: p.9).
1999 10,654 Young ‘Mr Williams inherits a party with sound if unspectacular membership of 10,654’ (Small, 20 Nov 2000).
2000 15,000 Harvey ‘Party membership is up slightly on the 10,654 of 1999’ (Small, 20 Nov 2000).
2000 10,654 Small ‘Mr Williams inherits a party with sound if unspectacular membership of 10,654’ (Small, 20 Nov 2000).
2001 3,000 Prebble ‘Labour’s membership is only 3,000!’ (Prebble, 15 Jan 2001).
2001 11,000 Williams ‘Mike Williams says the membership is up slightly on the 10,654 of 1999’ (Small, 1 Dec 2001).
2001 12,000 Williams ‘Williams describes a “contented” party where membership is up (although only to 12,000)’ (Espiner, 2 Dec 2001: p.6).
2002 14,000 Tunnah ‘Labour and National are by far the largest parties, with an estimated 14,000 and 26,000 members respectively’ (Tunnah, 24 Jun 2002).

Appendix C: Labour Party Affiliate Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Cullinan</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917</td>
<td>10,000</td>
<td>Levine</td>
<td>1917-18; 1,000; 10,000; 11,000; 90.91 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1925</td>
<td>40,399</td>
<td>Levine</td>
<td>1925-26; 5,278; 40,399; 45,667; 88.46 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1929</td>
<td>45,481</td>
<td>Levine</td>
<td>1934-35; 51,174; 45,481; 50,651; 88.46 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1934</td>
<td>24,663</td>
<td>Levine</td>
<td>1934-35; 24,663; 31,217; 79.01 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1935</td>
<td>23,814</td>
<td>Gustafson</td>
<td>‘in 1935, 184 unions with a combined membership of 23,814 were affiliated with the party’ (Gustafson, 1992: p.274).</td>
</tr>
<tr>
<td>1935</td>
<td>80,929</td>
<td>Milne</td>
<td>Trade union membership rose from 80,929 at the end of 1935’ (Milne, 1966: p.103).</td>
</tr>
<tr>
<td>1937</td>
<td>232,988</td>
<td>Milne</td>
<td>Trade union membership rose... to 232,988 at the end of 1937’ (Milne, 1966: p.103).</td>
</tr>
<tr>
<td>1939</td>
<td>185,431</td>
<td>Levine</td>
<td>1939-40; 51,174; 185,431; 236,605; 78.37 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>1940</td>
<td>185,431</td>
<td>Webster</td>
<td>1940: 185,431 (Webster, 1978: p.191).</td>
</tr>
<tr>
<td>1949</td>
<td>174,913</td>
<td>Levine</td>
<td>1949-50; 38,155; 174,913; 213,068; 82.09 (Levine, 1979: p.71).</td>
</tr>
<tr>
<td>Year</td>
<td>Figure</td>
<td>Claimant</td>
<td>Quote/Reference</td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>----------</td>
<td>----------------</td>
</tr>
<tr>
<td>1938</td>
<td>100,000</td>
<td>National</td>
<td>'in August 1938 shortly before the election, total membership was estimated to be in excess of 100,000' (Gustafson, 1986: p.26).</td>
</tr>
<tr>
<td>1938</td>
<td>100,000</td>
<td>Wood</td>
<td>'By 1938 the party journal, sent to all members, had a circulation of 100 000' (Wood, 1989: p.223).</td>
</tr>
<tr>
<td>1946</td>
<td>181,000</td>
<td>Gustafson</td>
<td>'membership, which by August 1946, four months before the election, had reached 181,000' (Gustafson, 1988: p.50).</td>
</tr>
<tr>
<td>1954</td>
<td>250,000</td>
<td>Bain</td>
<td>'national's peak was 250,000 in 1954' (Bain, 7 Oct 1999: p.8).</td>
</tr>
<tr>
<td>1954</td>
<td>&gt;200,000</td>
<td>National</td>
<td>'it claims a total membership of more than 200,000' (North, 1954: p.42).</td>
</tr>
<tr>
<td>1960</td>
<td>246,000</td>
<td>Gustafson</td>
<td>'in 1960 national's membership was its highest ever, 246,000 in 1,300 branches' (Gustafson, 1997: p.139).</td>
</tr>
<tr>
<td>1966</td>
<td>150,000</td>
<td>Hamilton</td>
<td>'it is a mass party with a membership in 1966 of nearly 150,000' (Hamilton, 1972: p.205).</td>
</tr>
<tr>
<td>1972</td>
<td>148,000</td>
<td>Gustafson</td>
<td>'it was still a very impressive 148,000' (Gustafson, 1997: p.139).</td>
</tr>
<tr>
<td>1972</td>
<td>150,000</td>
<td>Gustafson</td>
<td>Membership 'rose from 150 000 in 1972' (Gustafson, 1997: p.139).</td>
</tr>
</tbody>
</table>

Appendix D: National Party Membership
<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>90,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1974</td>
<td>125,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1975</td>
<td>196,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1975</td>
<td>196,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1975</td>
<td>200,000</td>
<td>Webber</td>
</tr>
<tr>
<td>1975</td>
<td>200,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1975</td>
<td>197,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1975</td>
<td>200,000</td>
<td>Wood</td>
</tr>
<tr>
<td>1975</td>
<td>196,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1975</td>
<td>170,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1975</td>
<td>200,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1975</td>
<td>200,000</td>
<td>Wood</td>
</tr>
<tr>
<td>1978</td>
<td>133,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1978</td>
<td>200,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1979</td>
<td>200,000</td>
<td>Levine</td>
</tr>
<tr>
<td>1981</td>
<td>200,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1981</td>
<td>200,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1984</td>
<td>133,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1985</td>
<td>100,000</td>
<td>National</td>
</tr>
<tr>
<td>1985</td>
<td>100,000</td>
<td>Vowles</td>
</tr>
<tr>
<td>1985</td>
<td>100,000</td>
<td>Bain</td>
</tr>
<tr>
<td>1989</td>
<td>80,000</td>
<td>NZ Herald</td>
</tr>
<tr>
<td>1989</td>
<td>100,000</td>
<td>Jesson</td>
</tr>
<tr>
<td>1990</td>
<td>130,000</td>
<td>National</td>
</tr>
<tr>
<td>1990</td>
<td>80,000</td>
<td>McManus</td>
</tr>
<tr>
<td>1990</td>
<td>50,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1992</td>
<td>40,000</td>
<td>Gustafson</td>
</tr>
<tr>
<td>1993</td>
<td>37,000</td>
<td>Peters</td>
</tr>
<tr>
<td>1993</td>
<td>33,000</td>
<td>McManus</td>
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<tr>
<td>1993</td>
<td>60,000</td>
<td>Collinge</td>
</tr>
<tr>
<td>1993</td>
<td>40,000</td>
<td>McLoughlin</td>
</tr>
<tr>
<td>1993</td>
<td>38,000</td>
<td>Peters</td>
</tr>
<tr>
<td>1993</td>
<td>50,000</td>
<td>Upton</td>
</tr>
</tbody>
</table>

*Membership 'came up rapidly from a trough of about 90,000 in 1973 to 125,000 in 1974 and 196,000 in 1975' (Gustafson, 1986: p.192).*

*At the grassroots level the National Party had about 200,000 members* (Gustafson, 1997: p.139).

*It hit another stabilised peak of about 200,000 in 1978 and 1981* (Gustafson, 1997b).

*It hit another stabilised peak of about 200,000 in 1978 and 1981* (Gustafson, 1997b).

*A drastic collapse to 133,000 in 1984* (Gustafson, 1997b).

*A record low of about 40,000* (Gustafson, 1997b).

*National's membership was at present around 37,000* (NZ Herald, 12 Feb 1993).

*Decimated since the October 1990 election – from a high of nearly 80,000 to only 33,000 today* (McManus, 26 Feb 1993: p.5).

*National has about 40,000, again mostly on paper* (McLoughlin, Apr 1993: p.43).

*Membership had fallen form 150,000 in 1991 to 50,000 in 1993* (Riddell, 3 May 1993: p.1).
At the time, the party's financial membership was possibly 45,000' (Upton, 21 Feb 1995: p.11).

Some political opponents claim it has now fallen below 20,000' (Orsman, 8 Apr 1995; p.23).

Party membership has sunk to about 22,000' (Young, 21 Apr 2001).

All 55,000 claimed members' (James, 24 Jun 1994).

By the mid 1990s membership was reputed to be but 40 000, and by the decade's end even lower' (Wood, 2001: p.246).

It claims a membership of more than 10,000' (Scherer, 18 Jul 1994).

Peters had repeatedly boasted that NZ First now possessed the second largest party membership in the country – outstripped only by National. Like many of Winston's claims this one also exceeded the straitjacket of actuality, and embarrassment loomed' (Laws, 1998: p.347).

New Zealand First could be as low as 2000' (Smith, 14 Nov 1998: p.18).

The organisation now had about 1000 paid-up members, but it was not actively encouraging more to join, he said' (Scherer, 25 Mar 1994).

ACT currently had about 8000 people on its mailing list, though not all of these were members. The party's exact membership was not known' (The Dominion, 17 Apr 1995).

Other parties to publish their 1996 memberships included ACT (5746)' (Mulgan, 1997: p.249).

Act is counting on significant contributions from its 7000 members' (Scherer, 23 Mar 1996).

Mr Hide says ACT's membership of 7000 and more than 50 well-funded party organisations' (Kirk, 30 March 1996: p.23).

Many of the 7000 or so people who now belong to ACT' (Scherer, 27 March 1996: p.5).

I wrote to the members – all 7,000' (Prebble, 1996).

Act New Zealand told the commission it had 11,500 members and Richard Prebble said 5746 of them were "full members". The others were registered supporters' (NZPA, 9 Aug 1996).

Only Act campaigned in the old-fashioned way, relying on donations from its 14,000 supporters." (NZPA, 26

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>45,000</td>
<td>Upton</td>
<td>'At the time, the party's financial membership was possibly 45,000' (Upton, 21 Feb 1995: p.11).</td>
</tr>
<tr>
<td>1994</td>
<td>40,000</td>
<td>Upton</td>
<td>'National remains the largest political party in New Zealand, with some 40,000 members' (Upton, 21 Mar 1994).</td>
</tr>
<tr>
<td>1994</td>
<td>&lt;20,000</td>
<td>National</td>
<td>Some political opponents claim it has now fallen below 20,000' (Orsman, 8 Apr 1995; p.23).</td>
</tr>
<tr>
<td>Mid-1990s</td>
<td>40,000</td>
<td>Wood</td>
<td>'By the mid 1990s membership was reputed to be but 40,000, and by the decade's end even lower' (Wood, 2001: p.246).</td>
</tr>
<tr>
<td>1996</td>
<td>20-40,000</td>
<td>Laugesen</td>
<td>'It is estimated at between 20,000 and 40,000' (Laugesen, 24 March 1996: p.6).</td>
</tr>
<tr>
<td>1999</td>
<td>40-50,000</td>
<td>Laugesen</td>
<td>'Between 40,000-50,000' (Laugesen, 1 Aug 1999: p.A3).</td>
</tr>
<tr>
<td>2001</td>
<td>10,000</td>
<td>Prebble</td>
<td>National 'is believed to now have just 10,000 members' (Prebble, 15 Jan 2001).</td>
</tr>
<tr>
<td>2001</td>
<td>22,000</td>
<td>Young</td>
<td>'Party membership has sunk to about 22,000' (Young, 21 Apr 2001).</td>
</tr>
<tr>
<td>2002</td>
<td>26,000</td>
<td>Tunnah</td>
<td>'Labour and National are by far the largest parties, with an estimated 14,000 and 26,000 members respectively' (Tunnah, 24 Jun 2002).</td>
</tr>
<tr>
<td>1994</td>
<td>10,000</td>
<td>NZ First</td>
<td>'It claims a membership of more than 10,000' (Scherer, 18 Jul 1994).</td>
</tr>
<tr>
<td>1998</td>
<td>2,000</td>
<td>Smith</td>
<td>'New Zealand First could be as low as 2000' (Smith, 14 Nov 1998: p.18).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>1,000</td>
<td>Douglas</td>
<td>'The organisation now had about 1000 paid-up members, but it was not actively encouraging more to join, he said' (Scherer, 25 Mar 1994).</td>
</tr>
<tr>
<td>1995</td>
<td>5,000</td>
<td>Orsman</td>
<td>'Act wants 20,000 people to make a financial commitment of $20 a month... Act has only a quarter of this number in members so far' (Orsman, 2 Jan 1995 – check quote).</td>
</tr>
<tr>
<td>1995</td>
<td>3,000</td>
<td>Act</td>
<td>'ACT already has over 3,000 members' (Act, 2 Feb 1995).</td>
</tr>
<tr>
<td>1995</td>
<td>(6-7,000)</td>
<td>Hide</td>
<td>'Mr Hide said the party now had between 6000 and 7000 people on its mailing list either as members or supporters' (Orsman, 8 Apr 1995).</td>
</tr>
<tr>
<td>1995</td>
<td>(8,000)</td>
<td>Act</td>
<td>'Act currently had about 8000 people on its mailing list, though not all of these were members. The party's exact membership was not known' (The Dominion, 17 Apr 1995).</td>
</tr>
<tr>
<td>1996</td>
<td>7,000</td>
<td>Scherer</td>
<td>'Act is counting on significant contributions from its 7000 members' (Scherer, 23 Mar 1996).</td>
</tr>
<tr>
<td>1996</td>
<td>7,000</td>
<td>Scherer</td>
<td>'Mr Hide says ACT's membership of 7000 and more than 50 well-funded party organisations' (Kirk, 30 March 1996: p.23).</td>
</tr>
<tr>
<td>1996</td>
<td>7,000</td>
<td>Scherer</td>
<td>'Many of the 7000 or so people who now belong to ACT' (Scherer, 27 March 1996: p.5).</td>
</tr>
<tr>
<td>1996</td>
<td>7,000</td>
<td>Prebble</td>
<td>'I wrote to the members – all 7,000' (Prebble, 1996).</td>
</tr>
<tr>
<td>1996</td>
<td>5,746</td>
<td>Act</td>
<td>'Act New Zealand told the commission it had 11,500 members and Richard Prebble said 5746 of them were &quot;full members&quot;. The others were registered supporters.' (NZPA, 9 Aug 1996).</td>
</tr>
</tbody>
</table>
| 1997 | (14,000) | Prebble | Prebble: "Only Act campaigned in the old-fashioned way, relying on donations from its 14,000 supporters." (NZPA, 26

Appendix E: New Zealand First Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>10,000</td>
<td>NZ First</td>
<td>'It claims a membership of more than 10,000' (Scherer, 18 Jul 1994).</td>
</tr>
<tr>
<td>1995</td>
<td>(second largest membership)</td>
<td>Peters</td>
<td>'Peters had repeatedly boasted that NZ First now possessed the second largest party membership in the country – outstripped only by National. Like many of Winston's claims this one also exceeded the straitjacket of actuality, and embarrassment loomed' (Laws, 1998: p.347).</td>
</tr>
<tr>
<td>1998</td>
<td>2,000</td>
<td>Smith</td>
<td>'New Zealand First could be as low as 2000' (Smith, 14 Nov 1998: p.18).</td>
</tr>
</tbody>
</table>

Appendix F: Act Membership
Jan 1997).

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>(14,000)</td>
<td>Act</td>
<td>'Act NZ says it has the second highest political membership of any party in New Zealand even though it only has &quot;in excess of 14,000 people&quot; who have &quot;requested&quot; to be members, supporters or on the mailing list' (NZPA, 28 May 1999: p.2).</td>
</tr>
<tr>
<td>1999</td>
<td>14,000</td>
<td>Prebble</td>
<td>'Act NZ leader Richard Prebble was happy to tell the Dominion that Act has 14,000 members' (Bain, 7 Oct 1999: p.8).</td>
</tr>
<tr>
<td>2001</td>
<td>5,000</td>
<td>Act</td>
<td>'Act gained 800 new members in the past month, taking membership to 5000' (Langdon, 12 March 2001: p.2).</td>
</tr>
</tbody>
</table>

### Appendix G: Green Party Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>3,600</td>
<td>Levine</td>
<td>Number of Members: Values, 3,600 (Levine, 1979: p.67).</td>
</tr>
<tr>
<td>1990</td>
<td>1,000</td>
<td>Greens</td>
<td>'The party has only about 1000 members, according to [party spokesperson Alan] Hallett' (Hubbard, 10 Sep 1990: p.12).</td>
</tr>
<tr>
<td>1997</td>
<td>(2,000)</td>
<td>Sheppard</td>
<td>'there are three Green parties in New Zealand. It may surprise you even more to know that they are roughly the same size, and collectively would have a membership of less than two thousand' (Sheppard, July 1997: pp.16-23).</td>
</tr>
<tr>
<td>1998</td>
<td>861</td>
<td>Greens</td>
<td>'The party is thin on the ground, claiming 861 financial members at the end of April' (Speden, 28 Oct 1998: p.14).</td>
</tr>
<tr>
<td>1998</td>
<td>1,000</td>
<td>Donald</td>
<td>'Green party membership is now more than 3000 - three times what it was a year out from the last election, says co-leader Rod Donald' (Young, 28 Jan 2002).</td>
</tr>
<tr>
<td>1999</td>
<td>2,500</td>
<td>Delahunty</td>
<td>'Co-convener Catherine Delahunty says membership hit 4000 in December, up 1500 on three years ago' (Taylor, 2 Jun 2003).</td>
</tr>
<tr>
<td>2001</td>
<td>2,000</td>
<td>Trotter</td>
<td>'With fewer than 2,000 members nationwide' (Trotter, 23 May 2001: p.15).</td>
</tr>
<tr>
<td>2000</td>
<td>2,500</td>
<td>Greens</td>
<td>TVNZ Report on Green Party annual conference</td>
</tr>
<tr>
<td>2001</td>
<td>2,590</td>
<td>Small</td>
<td>'with only 2590 members, the Greens will struggle' (Small, 5 Jun 2001)</td>
</tr>
<tr>
<td>2001</td>
<td>2,600</td>
<td>Greens</td>
<td>'Now in their 11th year, the Greens have seven MPs, claim to have 2600 members' (Langdon, 9 Jun 2001: p.2).</td>
</tr>
<tr>
<td>2002</td>
<td>3,000</td>
<td>Donald</td>
<td>'Green party membership is now more than 3000' (Young, 28 Jan 2002).</td>
</tr>
<tr>
<td>2002</td>
<td>3,370</td>
<td>Donald</td>
<td>'Green Party co-leader Rod Donald told the Herald it had 3370 members' (Tunnah, 24 Jun 2002).</td>
</tr>
<tr>
<td>2002</td>
<td>4,000</td>
<td>Delahunty</td>
<td>'Co-convener Catherine Delahunty says membership hit 4000 in December, up 1500 on three years ago' (Taylor, 2 Jun 2003).</td>
</tr>
</tbody>
</table>

### Appendix H: United New Zealand and Future New Zealand Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
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</thead>
</table>
### Appendix I: Progressive Coalition Party Membership

<table>
<thead>
<tr>
<th>Date</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1,177</td>
<td>PCP</td>
<td>'the Progressive Coalition, signed up 1177 members in a week, 80 per cent of them former Alliance members’ (NZPA, 10 May 2002).</td>
</tr>
<tr>
<td>2002</td>
<td>2,000</td>
<td>PCP</td>
<td>'Jim Anderton’s claim that his Progressive Coalition’s 2000-plus membership ranks it among the top three parties in the country' (Tunnah, 24 Jun 2002).</td>
</tr>
<tr>
<td>2002</td>
<td>2,200</td>
<td>PCP</td>
<td>'And 75 per cent of the 2200 membership had no association with the Democrats’ (Young, 14 Oct 2002).</td>
</tr>
</tbody>
</table>

### Appendix J: Alliance Membership

<table>
<thead>
<tr>
<th>Date</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>Auckland: 6,000</td>
<td>Alliance</td>
<td>'The Alliance 'says it has about 6000 members in the [Auckland] region' (Munro, 19 April 1993: p.2).</td>
</tr>
<tr>
<td>1993</td>
<td>15,000</td>
<td>Gustafson</td>
<td>'in July 1993 the Alliance’s five parties mustered a total of 15,000 members' (Gustafson, 1993: p.74).</td>
</tr>
<tr>
<td>1993</td>
<td>14,000</td>
<td>McCarten</td>
<td>'McCarten claims the combined membership of the coalition was 14,000 at the last election' (McLoughlin, Sep 1994: p.54).</td>
</tr>
<tr>
<td>1993</td>
<td>17,000</td>
<td>Alliance</td>
<td>'The Alliance declared before the election that its membership was 17,000' (Laugesen, 24 March 1996: p.6).</td>
</tr>
<tr>
<td>1993</td>
<td>17,000</td>
<td>McCarten</td>
<td>'the Alliance now has 17,000 paid members, half of whom joined &quot;the Alliance&quot; and not any of its constituent parties' (Harris, 12 Nov 1995: p.17).</td>
</tr>
<tr>
<td>1994</td>
<td>22,000</td>
<td>McCarten</td>
<td>'McCarten claims the combined membership of the coalition... has since reached 22,000' (McLoughlin, Sep 1994: p.54).</td>
</tr>
<tr>
<td>1994</td>
<td>18,000</td>
<td>Alliance</td>
<td>'Its published membership is a healthy 18,000' (Riddell, 10 December 1994: p.23).</td>
</tr>
<tr>
<td>1996</td>
<td>25,127</td>
<td>Alliance</td>
<td>'The Alliance was the first to disclose its previously secret information: 25,127 members' (NZPA, 9 Aug 1996).</td>
</tr>
<tr>
<td>1999</td>
<td>25,000</td>
<td>McCarten</td>
<td>'the 25,000 members' (Boyd, 19 Aug 1996: p.5).</td>
</tr>
<tr>
<td>1999</td>
<td>&gt;25,000</td>
<td>Laugesen</td>
<td>'the 25,000-plus membership the Alliance enjoys' (Laugesen, 12 Sep 1996: p.13).</td>
</tr>
<tr>
<td>1998</td>
<td>6,800</td>
<td>Alliance</td>
<td>Alliance informant</td>
</tr>
<tr>
<td>1999</td>
<td>(60,000)</td>
<td>Alliance</td>
<td>'The Alliance said that with its mailing list, it could claim more than 60,000 supporters' (NZPA, 28 May 1999: p.2).</td>
</tr>
<tr>
<td>1999</td>
<td>15,600</td>
<td>McCarten</td>
<td>'Alliance strategist Matt McCarten was more helpful, saying the party has 15,600 members' (Bain, 7 Oct 1999: p.8).</td>
</tr>
<tr>
<td>2001</td>
<td>4,000</td>
<td>Alliance</td>
<td>Alliance informant</td>
</tr>
<tr>
<td>2002</td>
<td>3,700</td>
<td>Young</td>
<td>'when Mr Anderton writes to an estimated 3700 members in the next week or two’ (Young, 23 Feb 2002).</td>
</tr>
</tbody>
</table>

### Appendix K: Christian Heritage Party Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>3,683</td>
<td>CHP</td>
<td>'CHP currently has 3,683 members' (Van Wichen, 18 May 1999: p.9).</td>
</tr>
<tr>
<td>2003</td>
<td>5,000</td>
<td>CHP</td>
<td>Capill had ‘taken the party's membership from just 300 to more than 5000’ (Lane, 25 Aug 2003).</td>
</tr>
</tbody>
</table>

### Appendix L: Democratic Party / Social Credit Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>5,000</td>
<td>Mitchell</td>
<td>'it has only some 5000 members' (Kitchell, 1962: p.26).</td>
</tr>
<tr>
<td>Year</td>
<td>Figure</td>
<td>Claimant</td>
<td>Quote/Reference</td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>----------</td>
<td>----------------</td>
</tr>
<tr>
<td>1966</td>
<td>7,500</td>
<td>Miller</td>
<td>'Membership rose from approximately 2500 in 1960 to 7500 in 1966' (Miller, 1985: p.209).</td>
</tr>
<tr>
<td>1966</td>
<td>9,000</td>
<td>Levine</td>
<td>'its 1966 peak of more than 9,000 members' (Levine, 1979: p.77).</td>
</tr>
<tr>
<td>1969</td>
<td>10,000</td>
<td>Miller</td>
<td>'over 10,000 in 1969' (Miller, 1985: p.209).</td>
</tr>
<tr>
<td>1972</td>
<td>2,000</td>
<td>Levine</td>
<td>'its 1972-3 decline to 2,000 persons' (Levine, 1979: p.77).</td>
</tr>
<tr>
<td>1975</td>
<td>8,000</td>
<td>Social Credit</td>
<td>'its membership at the time of the 1975 General Election comprised 8,000 persons' (Levine, 1979: p.77).</td>
</tr>
<tr>
<td>1978</td>
<td>5,400</td>
<td>James</td>
<td>In 1978 Social Credit had a membership of 5400 (James, 1986: p.117)</td>
</tr>
<tr>
<td>1979</td>
<td>8,000</td>
<td>Levine</td>
<td>Number of Members: Social Credit, 8,000 (Levine, 1979: p.67).</td>
</tr>
<tr>
<td>1981</td>
<td>35,000</td>
<td>James</td>
<td>'By the election in 1981 $1 million was raised and 35,000 members enrolled' (James, 1988: p.117).</td>
</tr>
<tr>
<td>1984</td>
<td>11,000</td>
<td>Spoonley</td>
<td>'a membership level in 1984 of 11,000' (Spoonley, 1987: p.228).</td>
</tr>
<tr>
<td>1984</td>
<td>11,000</td>
<td>Social Credit</td>
<td>'as at December 1984 the party's membership was slightly over 11,000 (RCES, Dec 1986: p.215).</td>
</tr>
<tr>
<td>1985</td>
<td>4,000</td>
<td>Spoonley</td>
<td>'the membership in mid-1985 was approximately 4000... with less than 50 percent renewing their membership compared with 80 percent in past years' (Spoonley, 1987: p.228).</td>
</tr>
<tr>
<td>2002</td>
<td>1,600</td>
<td>Kane</td>
<td>Peter Kane 'said the party had 1600 members, 500 of whom had dual membership of the Progressive Coalition. (Young, 14 Oct 2002).</td>
</tr>
<tr>
<td>2003</td>
<td>1,623</td>
<td>Kane</td>
<td>'president Peter Kane said membership had been about 30,000 at its peak, but it now stood at 1623' (The Press, 13 Jan 2003).</td>
</tr>
</tbody>
</table>

Appendix M: Aotearoa Legalise Cannabis Party Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Figure</th>
<th>Claimant</th>
<th>Quote/Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>7,000</td>
<td>ALCP</td>
<td>'it claims to have 7000 members' (Rapson, 22 Aug 1996).</td>
</tr>
<tr>
<td>1999</td>
<td>3,000</td>
<td>ALCP</td>
<td>'the Aotearoa Legalise Cannabis Party... unhesitatingly claimed 3000 members' (Bain, 7 Oct 1999: p.8).</td>
</tr>
</tbody>
</table>
This appendix table provides election expenditure figures for all parties at the 1996, 1999 and 2002 elections. The ‘Declared’ figures are those provided by the parties as required by the Electoral Act 1993. The ‘State’ figures are the amounts of election broadcasting state funding allocated by the Electoral Commission. This information is not available for elections before 1996.

<table>
<thead>
<tr>
<th>Party</th>
<th>1996 Election</th>
<th>1999 Election</th>
<th>2002 Election</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Declared</td>
<td>State</td>
<td>Total</td>
</tr>
<tr>
<td>Labour Party</td>
<td>$843,480</td>
<td>$436,400</td>
<td>$1,279,880</td>
</tr>
<tr>
<td>National Party</td>
<td>$1,426,067</td>
<td>$540,377</td>
<td>$1,966,444</td>
</tr>
<tr>
<td>New Zealand First</td>
<td>$858,255</td>
<td>$250,055</td>
<td>$1,108,310</td>
</tr>
<tr>
<td>Act New Zealand</td>
<td>$1,653,169</td>
<td>$93,739</td>
<td>$1,746,908</td>
</tr>
<tr>
<td>Green Party</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>United Future</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Progressive</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Alliance</td>
<td>$558,059</td>
<td>$251,949</td>
<td>$810,008</td>
</tr>
<tr>
<td>Christian Heritage</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Outdoor Recreation</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>ALCP</td>
<td>$14,122</td>
<td>$34,933</td>
<td>$49,055</td>
</tr>
<tr>
<td>Mana Maori Movement</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>One New Zealand</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Libertarian</td>
<td>$15,072</td>
<td>$15,072</td>
<td>$30,144</td>
</tr>
<tr>
<td>NMP</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>United New Zealand</td>
<td>$49,121</td>
<td>$93,406</td>
<td>$142,527</td>
</tr>
<tr>
<td>Future New Zealand</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Natural Law Party</td>
<td>$24,208</td>
<td>$35,371</td>
<td>$59,579</td>
</tr>
<tr>
<td>Maui Pacific</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Republican Party</td>
<td>$220</td>
<td>$5,058</td>
<td>$5,278</td>
</tr>
<tr>
<td>NZ South Island Party</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

1 This appendix table provides election expenditure figures for all parties at the 1996, 1999 and 2002 elections. The ‘Declared’ figures are those provided by the parties as required by the Electoral Act 1993. The ‘State’ figures are the amounts of election broadcasting state funding allocated by the Electoral Commission.
<table>
<thead>
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</thead>
<tbody>
<tr>
<td></td>
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### Appendix O: The Cost Per Vote

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<th>1999 Vote</th>
<th>Total Cost</th>
<th>Cost/Vote</th>
<th>2002 Vote</th>
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2 This appendix table calculates the cost per vote achieved by all the parties at the 1996, 1999 and 2002 elections, by dividing the 'Total Cost' of the party's campaign (derived from Appendix 1) by the number of party votes won.
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Source: compiled from the records of donation disclosures kept at the Electoral Commission.
### Appendix P: Donations declared to the Electoral Commission, for 1996

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3 1996 was the first year of the donation disclosure regime and the figures only cover the months May to December 1996.
### Appendix Q: Donations declared to the Electoral Commission, for 1997

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Source: compiled from the records of donation disclosures kept at the Electoral Commission.

### Appendix R: Donations declared to the Electoral Commission, for 1998

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Source: compiled from the records of donation disclosures kept at the Electoral Commission.
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Source: compiled from the records of donation disclosures kept at the Electoral Commission.

Appendix S: Donations declared to the Electoral Commission, for 1999

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Source: compiled from the records of donation disclosures kept at the Electoral Commission.
Appendix T: Donations declared to the Electoral Commission, for 2000

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Source: compiled from the records of donation disclosures kept at the Electoral Commission.

Appendix U: Donations declared to the Electoral Commission, for 2001

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Source: compiled from the records of donation disclosures kept at the Electoral Commission.

Appendix V: Donations declared to the Electoral Commission, for 2002

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Source: compiled from the records of donation disclosures kept at the Electoral Commission.
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