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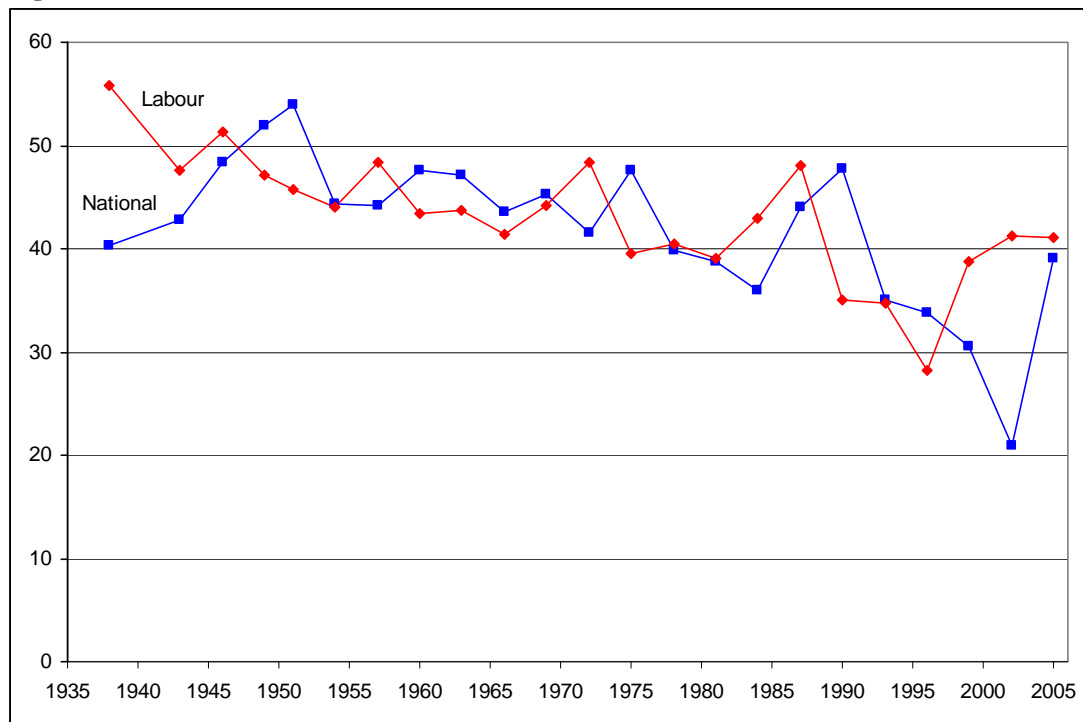
Environmental Change, Party Organisations and ‘Adaptive Capacity’: The New Zealand National and Labour Parties and the Advent of MMP

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Introduction

In 1996 New Zealand held its first election under a Multi-Member Proportion (MMP) electoral law that replaced the Single-Member Plurality (SMP) system which had been used in all but two elections since 1853. The addition of a second, nationwide and proportional overriding tier to elections resulted—as expected—in the centre-left Labour and centre-right National Parties losing votes to new entrants into the party system. Figure 1 demonstrates, however, that, while the two parties suffered similar losses to new competitors, their experiences since the introduction of MMP have otherwise been far different. After initial losses in 1996, Labour’s vote share rebounded in 1999 to pre-MMP level, where it has remained with little volatility. For National, a party that controlled government for 12 of the 17 legislative periods after World War Two, the experience of MMP could hardly be different. A decline that started in 1990 accelerated again after 1996 pushing National’s vote share to all-time lows in 1996, 1999 and 2002, when the party fell twenty percentage points behind Labour for the first time ever. Then, in the 2005, National erased 19 percent of this deficit. Why did the advent of MMP herald such different fortunes for these two parties?

Figure 1 National and Labour Vote Share 1938-2005



(source: Electoral Commission 2005, 2006)

These developments are interesting beyond their relevance for observers of politics in New Zealand. New Zealand's introduction of MMP represents a natural experiment. Electoral law reform confronted Labour and National with an identical set of challenges, but their fortunes after reform varied considerably. These events can help us begin to understand the impact of internal organizational processes on party responses to environmental change.

At this point it is important to state what this paper cannot do. Ultimately, voters, rather than parties, decide election outcomes. Many forces influence voter behaviour. A systematic argument that isolates the impact of certain party behaviours on Labour and National vote shares exceeds the scope of this paper. At this point, it can assert only that party behaviours oriented toward winning votes have a positive impact on doing so—party leaders believe this to be true—and that behaviours aimed at motivating voters to vote for a party will be more effective than those that do not. Indeed this is the entire reason why parties campaign in the lead up to elections. Labour undertook actions immediately that responded to how MMP shifted the way voters cast their ballots, while National did not. We suggest that some proportion of the parties' differing post-MMP electoral performance reflects their responses to electoral reform. This position is supported by the observation that Labour's unprecedented electoral advantage evaporated in 2005 (see Figure 1), after National made internal changes to adjust its behaviour to the MMP environment.

What this paper seeks to demonstrate is why Labour and National took different approaches to critical functions of electoral competition under MMP. Specifically, it compares each party's response to two novel challenges raised by the introduction of MMP: the need to create a national list of candidates and the need to run a campaign for the national "party" vote. For Labour, adapting to these tasks caused little disruption inside the party. National, however, experimented with procedures that altered pre-MMP practices little until the disastrous 2002 election

results demonstrated that deeper organizational reform was necessary. Expanding a line of reasoning associated with Maurice Duverger (1967 [1951]) and Angelo Panebianco (1988), this paper explains these responses as a result of the differing capacities with which history endowed Labour and National party organizations. Labour entered the MMP era with an organizational structure that gave its central leaders more influence over candidate selection and campaigning than did National. Accordingly, creating a national list of candidates and coordinating a national campaign for the party vote met less resistance in Labour than in National. Again, this paper assumes that the difference in the two parties' fortunes between 1996 and 2005 reflects, to some degree, the differing dexterity of each party in responding to changed electoral rules.

The remainder of this paper proceeds in three sections. The next section places the experience of the New Zealand Labour and National Parties in the context of an expanding literature on party organizations and party change. Increasingly, scholars are looking inside party organizations, to their institutionalized rules, to explain their varying capacities to adapt to environmental changes. The third section compares Labour's and National's efforts to create a national list of candidates and to run a centralized campaign for the 'party vote' after the introduction of MMP. It demonstrates that existing centralized structures facilitated Labour's adjustment, while decentralization in National's structure impeded its adaptation. Once National changed its structure it was able to finally adapt to the new electoral system. A concluding section reflects on the implications of the New Zealand Labour and National parties for our understanding of parties, party systems and party system change.

Explaining Party Adaptation to Environmental Change: Party Institutions and Capacities

Introduction of MMP shifted the rules of competition for Labour and National by adding a second, national tier to elections. Institutional change cannot explain all of the variance in the two parties' performance. Many forces indirectly or unrelated to the introduction of MMP contributed to outcomes in the 1996, 1999, 2002 and 2005 elections. Internal tension over the ideological turmoil of the late 1980s and early 1990s divided National internally and embroiled the party in coalition and leadership crises (Johansson 2002, Stephens 2008, 32-34, 37, Wood 2003, 253-255). Labour also benefited from National's—and the electorate's—exhaustion after three terms in government (Wood 2003, 254). The liberalisation of the economy, particularly the removal of monopoly producer boards, under National angered farmers and saw many head towards Labour and minor parties (Stephens 2008, 58-59). By the 1990s the New Zealand party system was 'waiting for realignment' (Vowles 1997). Significant social change in society, both from urbanisation and post-modernisation (see Inglehart 1997), left National in a precarious position as a liberal-conservative hybrid party (Miller 2005, 155) with no obvious direction to go.

Institutional change, however, amplified the impact of these forces, pushing the party system into uncharted territory. To understand why shifting the rules of electoral competition had this impact one must look inside each party to understand how they were poised to meet the challenges of MMP. This section considers the challenges MMP posed to Labour and National and then considers why parties possess different capacities to meet such challenges.

The introduction of MMP posed an external as well as an internal challenge to Labour and National. By adding a second, national tier to elections, in which seats are

allocated proportionally by party lists, MMP complicated the task of winning parliamentary representation for parties. Instead of running individual campaigns in 90-odd electorates, parties were now obligated to contest individual elections in more than 60 electorates as well as a single campaign for the overall proportionality of the 120 seats in a nation-wide election.¹ In terms of the external challenge of competing for votes, this change has consequences for how parties selected candidates and ran campaigns. Under FPP a party needs only to select a candidate ‘appropriate’ to win a plurality in a small geographic electorate. However, list systems “carry with them a need for a balanced ticket with, perhaps, a greater emphasis on aspirants’ objective personal characteristics such as gender, age and group affiliation” (Gallagher 1988, 260). Similarly, campaign advertising—pamphlets, billboards, radio and television adverts—can target specific or general audiences, but—to be effective—must avoid self-contradiction and confusing voters, and also appeal to gain two different votes. In short, the list of candidates and appeals that will maximize vote share in the national electorate vary considerably from the candidate and appeals that will win a plurality in any given electorate. MMP complicated electoral competition by requiring parties to coordinate centralizing and decentralizing forces in contesting elections.

Introduction of a national tier election also created a challenge for parties internally. In an SMP/First-past-the-post system—in elections, at least—the interests of the individual candidate and the party as a whole are parallel: the party maximizes its parliamentary representation by winning as many individual seats as possible—regardless of the margin by which these wins are achieved. MMP introduces the potential for tension between the interests of electorate candidates and the party as a whole. Because the overall size of a party’s parliamentary representation is closely determined by its share of the ‘party (list) vote’,² the party may wish to emphasise national-level constituencies—and the themes to attract them—above individual contests. Conversely, candidates at the electorate tier may have no interest in pushing national-level themes or in seeking votes beyond those required to ensure their own election. A failure to prevent or manage such conflicts can be detrimental to individual candidates and the party as a whole. Thus, MMP created a demand for mechanisms to regulate such internal conflicts.

The new demands created by MMP focus our attention on the internal means and processes by which Labour and National managed them. This approach places the present study among a growing body of scholarship that views party organizations as institutions. Interest in the institutional structure of party organizations grows out of dissatisfaction with prevailing ‘neo-classical’ and ‘Michelsian’ perspectives (Michels 1968 [1915]) that regard party adaptation *either* as automatic *or* as blocked by conservative tendencies in hierarchical organizations. Scholars adopting an institutional approach regard the tension between collective and particular interests that emerged with the introduction of MMP to be an unavoidable consequence of hierarchical party organization. Such tensions exist within all parties and require institutions to regulate them. Organized cooperation within parties demands both a collective rationale and the distribution of particular incentives. It also requires

¹ The number of electorate seats in New Zealand is not a fixed number and has slowly risen. Under FPP New Zealand reached 99 electorates in 1993. Under MMP New Zealand has had 65 (1996), 67 (1999), 69 (2002 and 2005) and, in 2008, will have 70 electorate seats. However under MMP the size of the House is (excluding overhangs and underhangs) 120, meaning that the number of list seats has fallen.

² District magnitude, the operation of electoral thresholds and the possibility for “overhangs” distorts proportionality to a small degree.

institutional rules to ensure that the pursuit of individual interests and collective goals do not undermine each other.

Even as scholars recognize that party organizations are institutions they debate how party structures can vary and how structural variance influences parties' capacity to adapt to environmental changes. For example, something like conventional wisdom holds that the large, "highly institutionalized", bureaucratic structures, like those of traditional European workers' parties (e.g.: German SPD, Austrian SPÖ), constrains internal innovation and external adaptation (Harmel, et al 1995, Kitschelt 1994a, 1994b, Panebianco 1988). Extrapolating from observation of these parties, they posit an inverse relationship between a party's level of 'institutionalization' and its capacity to adapt. Other observers offer a more nuanced view of structure and suggest that structural differences have a more subtle impact on adaptation (Levitsky 2001, 2003; Burgess and Levitsky 2003). While generations of scholars have produced a proliferation of party 'types'—"mass bureaucratic", "cadre", "catch-all", "electoral professional", "cartel", "loosely-coupled"—none has clarified how types relate to one another or how structure impacts on behaviour. One observation, however, unites this literature: different organizational structures are not equally suited to meet the same environmental challenges.

Combining the observations that parties are institutions and that there is an interactive relationship between party organizations and their environments yields an insight that is central to this paper. Duverger (1964, pp.xxiii-xxxvii) pointed out in his distinction between parties with parliamentary and extra-parliamentary origins that the circumstances of a party's creation shape its structure and behaviour. 'New' institutionalism—"historical institutionalism", in particular—demonstrates how institutions project the impact of past circumstances past into the future (Mahoney 2000, Pierson 2000, Thelen & Steinmo 1992). Party organizations, created to operate in one environment, persist even as surrounding conditions change. They bring forward in time, however, the capacities and incapacities forged in an earlier era. Because parties in the same party system were created at different times and under different circumstances, they may meet similar challenges with very different capacities. This paper argues that Labour and National met the challenges of MMP with very different institutional capacities.

Labour's and National's Adaptation to MMP: Candidates and Billboards

This paper contends that differing institutional capacities shaped Labour's and National's responses to the challenges of MMP. The preceding discussion points out that a major challenge of MMP was managing tensions between centralizing and decentralizing tendencies—and the interest conflicts arising out of them—that occurred as the result of adding a list-proportional, national tier to parliamentary elections. This discussion also suggests that managing these tensions also requires centralized coordinating mechanisms to balance the demands of electoral competition on two tiers as well as to resolve the interest conflicts that resolve from them. This section examines Labour's and National's selection of candidates for the national party lists and campaign advertising—specifically, billboards and pamphlets—to determine whether one party possessed greater capacity to meet these challenges. Before comparing list selection and advertising, this section compares origins of each party's organizational capacities.

Labour and National Origins and Organizations

New Zealand was a late developer of political parties. It was not until 1876 that a nationwide party of any significance formed – until then parliamentary groupings were more based on regions than nationwide groupings (Lipson 1948, 44-45). The 1890s saw the dominance of the Liberal Party under Richard Seddon. However the Liberals and other parties remained ‘cadre’ parties with little extra-parliamentary party. It was not until the emergence of Labour in 1916 that New Zealand had a ‘mass’ political party – Labour was alone in this regard until National was formed in 1936.

Labour

Labour was formed in 1916 out of a strong trade union movement trying to increase its political voice. The influence of the unions, with their strong ‘solidarity’ structure, provided the organisational direction for Labour’s structure to have a strong central body (Miller 2003, 73). Labour slowly built its vote share up at the same time as it became less radical. In 1935 Michael Joseph Savage led Labour to its first victory and Labour was able to hold office until 1949. Throughout the post-war period Labour had few electoral victories. Labour held office 1957-60, 1972-75 and 1984-90. The failure to win office was problematic for Labour and in 1971 Labour attempted to bring in a National Party-style organisation by introducing six regional organisations. These regional organisations were not strong though and had little control, especially in candidate selection.

The Fourth Labour Government had the largest internal rift within Labour since the expulsion of the communists in the 1920s. The Government dismantled the Keynesian economy by removing subsidies, tariffs and economic regulations. Labour’s core constituency left the Party and the Alliance, a collection of various Left-wing movements, winning 18 percent of the vote in the 1993 election. The new leader, Helen Clark, disowned the neo-liberal reforms, sending the hard-Right faction away to become ACT. Labour continued to fall, and lose members, and in 1994 it appeared that the Alliance could become the main centre-Left political party (Vowles 1998, 16). However Labour recovered its status as a main party in the polls in 1995 and won 28 percent at the 1996 election, five percent less than National. Ironically Labour has benefited from the desertion of both the hard-Left and hard-Right as it has meant less internal division within the Party (Stephens 2007).

National

The New Zealand National Party was formed in 1936 out of the liberal urban United Party (previously known as the Liberal Party) and the conservative rural Reform Party. The impetus to form was to combat Labour better after Labour won the 1935 election. National was not ideologically coherent or singular. The ideological split within National created pressure for the organisational structure to be flexible enough to sustain the different ideological traditions and ensure that the common enemy, Labour, was defeated. As the different ideological bases also came through as a geographic split, the painless decision was to decentralise the party’s structure. The Auckland and Wellington divisions tended to represent liberal urban ideas, while the Waikato, Canterbury-Westland and Otago-Southland divisions were more rural and were consequently conservative divisions (Gustafson 1986, 207-237). Gustafson noted that “it can be argued that the National Party is not a centralised single party but a confederation of five regional parties” (1985, 205). Carty (2004) identified National as a classic federalised party even though it operated in a unitary state. One party

insider noted that “the central governance was regarded by most of the Party as subsidiary to the divisional structures” (Anonymous in Stephens 2008, 41). As the organisation was successful, winning office regularly in the post-war period, there was little desire to change the organisation even though organisation reviews were conducted on a regular basis. Indeed Milne argues that, as with other Right-parties, “in defeat tend to blame weak organization rather than weakness in policy” (1966, 170).

For National under MMP, Milne was proved correct. National once again blamed weakness in organization as being the problem and in 2002 an organisational review began. National looked towards producer boards, voluntary and non-commercial organisations, but finally settled on a commercial approach. The measures were proposed by Steven Joyce (Radioworks CEO), Denese Henare (former Law Commissioner and wife of MP Wayne Mapp) and Jeff Grant (MP 1987-1993 and 1999 campaign director). They were passed with near unanimity in a conference in Wellington in April 2003 in which the National Party elite came out strongly in favour of the proposed measures (Stephens 2008, 82-86).

The Party Executive was replaced by a much smaller National Management Board. The new Board had seven members elected by the Annual Conference and two from the caucus (including the leader). The Party President became elected from within, and by, the Board. The divisions lost much of their power, and the social sectors (for Māori, women and youth) were removed. The candidate selection process was also changed. A new Candidate’s Club (sic) was introduced, dual candidacy was enforced, and the list ranking committee membership was changed. The Party’s new organisation was strongly centralised, with few veto players left. The Party President, once a strong position within the Party, became selected by a group with the leader as member. The separate power base that the extra-parliamentary served was instead placed under the parliamentary leader.

Candidate selection

As previously noted FPP candidates only needed to appeal to the plurality within one small electorate. However MMP requires candidate lists which can appeal throughout the country *and* electorate candidates which can win their electorate. Given that these are likely to be different, parties should select candidates which appeal for the party vote to determine the overall proportionality of the House. The need to provide for nationwide appeal is likely to be better served from an internal body focused on the nationwide campaign rather than one which is focused upon winning the small geographic unit. Another complicating factor is whether parties prohibit, allow or enforce dual candidacy.³ Dual candidacy has benefits – candidates are more likely to have incentive to seek both votes – and costs – with one tier of candidate possibly unable to appeal to voters.

Labour

Electorate candidate selection (under both FPP and MMP) is by a committee of six – three from the New Zealand Council, three local representatives, with one vote also going to the local party members’ preference at an earlier selection meeting. In a comparative study of candidate selection centralisation/decentralisation, Lundell

³ A dual candidate is one that stands in both an electorate and on the list.

(2004) gave Labour's electorate selection process four out of five on a scale of centralisation.

Labour's list selection process begins at the Regional Conferences, in which regions rank their preferences for potential list candidates from their region. However, the regional rankings may be discarded within the Moderating Committee, and not all regional nominees need be accepted on the list. The Moderating Committee consists of the President, General Secretary, the two Senior Vice Presidents, Leader, Deputy Leader, a third caucus representative, two representatives from each of the Māori, Women, Young Labour and Trade Union Affiliates sectors, one representative from each of the Kirk, Local Government, Rainbow, Rural Affairs and Senior sectors, as well as two representatives from each of the six regions – with Auckland having an additional two representatives. Lundell (2004) again rates Labour's list selection process as being four out of five on an index of centralisation. Labour's *Constitution and Rules* requires that the Regional Conferences and the Moderating Committee pauses after every five places selected for an 'equity review' to ensure fair representation for Māori, gender, ethnicity and ages (Salmond 2003, 195-6)

Labour's selection process produced diverse lists. In 2002 Labour included fifteen women, 6 Māori, and 2 Pacific Island candidates in the top thirty-five list positions (Miller 2005, 116). The strong promotion of diversity candidates has meant that Labour was the first party to have a Pacific MP (Taito Philip Field), an openly homosexual MP (Chris Carter), a Muslim MP (Ashraf Choudhary) and is the most successful in getting women into Parliament.

National

Traditional for National candidate selection was largely in the hands of each electorate. The selectorate was made up of delegates from each electorate's branches and without any central representation. If the selectorate did not have 60 members, or a branch did not fulfil its quota (set at one delegate for every 15 members), then the divisional chair could nominate further delegates. This resulted in National candidate pools, and consequently MPs, predominately being Pakeha males (Stephens 2008, 51).

With the introduction of MMP National had to introduce a list ranking system and decided to leave the electorate selection system unchanged. A working paper outlined three options for the list selection process – the decentralised 'Regional Model', the centralised 'Electoral College Model' and the 'Hybrid Model' (Stephens 2008, 52-3). The hybrid model allowed divisions significant, although not complete, control. List candidates became nominated by electorates and Divisional Councils. A Divisional List Selection Meeting would rank the division's candidates and would limit the division's list to a size predetermined based upon the population of the division. The five ranked divisional lists would then go to the List Standing Committee which had 25 divisional representatives out of a total of 31. There was no formal link between the list and electorate pools

The list selection system did not promote a nationwide appealing list. The 1996, 1999 and 2002 candidate pools all failed to represent identity candidates. Only 14 percent of all National candidates were Māori, Pacific Island or Asian. Women made up just 21 percent of the candidate pools. Further, the candidate selection process allowed

numerous electorate candidates to not stand on the list – peaking at nearly 20 percent of the entire candidate pool in 1999 (Stephens 2008, 89-94). Such candidate pools were likely to appeal to National faithful and members – National’s membership “no longer reflected the ethnic and gender diversity of the nation” (James 2006, 368) – but did not widen its appeal to the swinging voters.

As the list candidate pool was not linked to the electorate candidate pool, many electorate candidates had no incentive to campaign for the crucial party vote. Furthermore list-only candidates had a responsibility to campaign yet no set area in which to do so.

The 2005 candidate selection process was different. The Candidate’s Club allowed the Board to effectively nominate individuals for electorate seats. The Candidate’s Club had 64 participants and “directly led to the very strong set of well-prepared and disciplined candidates National was able to field in the 2005 election” (Joyce 2007, 107). National decided against standing candidates in the Māori seats and, due to the new dual candidacy requirements, had only two Māori candidates. National had three Asian candidates and one Pacific Island candidate. Women were poorly represented, with just six in the top thirty, and less than one-third of the rest of the list were women. Stephens (2008, 109-110) argues that, due to there being no strong regional organisations, regional fighting for list positions was diluted when compared to previous MMP lists.

The list was a carbon copy of the caucus rankings. Within National caucus rankings are the decision of the leader. The only discrepancy between the caucus ranking and list position was that new-comer Tim Groser was given number 13. All other non-incumbents were below the sitting MPs. The repetition of the caucus rankings on the list was a result of the increase in the power of the leader within the extra-parliamentary party. As the Board had fewer members and that the President, the head of the extra-parliamentary party, was elected by the Leader and other Board members, meant that the Leader had greater control over the external power base.

National’s 2003 changes did not provide an appropriate candidate selection response to MMP. One senior National figure noted (Anonymous in Stephens 2008, 111-112): Personally, I wish it [the Candidate’s Club] would go more like the UK system where it would be a bit more elitist and get them, not quite like the Conservative A-List, but a real sign that this person will be a good candidate and electorates [should be] strongly encouraged to take people who have been through Candidates’ College cause it means they’ve been able to [have] been sussed out
Candidate selection within National could become more centralised and provide a better approach to selecting candidates for MMP.

Campaigning

MMP and FPP campaigning are different in many ways. FPP campaigns require a focus on marginal electorates with little advantage in campaigning in ‘safe’ seats. MMP largely makes all electorates and votes equal.⁴ Further, the two electoral tiers can lead to different tiers of campaigning. The electorate-level party organisation can

⁴ The exceptions being ‘trigger’ seats (which raise a party above the threshold for party seats) and those which elect an ‘overhang’ MP.

focus upon the electorate vote while the nationwide party organisation can focus upon the party vote. However, as with candidate selection, the party vote is more important as it determines the overall share of the House.

Labour

Labour's 1999 and 2002 campaigns all show signs of substantial central control. 1996, Labour's worst result under MMP, did not show signs of central control. However the lessons were learnt that the party vote is the key vote and that the central headquarters is best placed to ensure that the party vote is campaigned for.

In 1996 Labour candidates were given significant control in their own electorates. Chris Carter, standing in Waipareira, viewed "the goals of enhancing party votes and winning electorate votes as quite distinct. From his perspective, voters would be influenced in their party vote primarily by factors outside the local campaign (Ganley 1997, 100). Not surprisingly given this focus, Carter won five percent more of the electorate vote than Labour won in Waipareira of the party vote (Carter lost the electorate seat by 0.3 percent of the vote). Not all Labour candidates produced pamphlets in red, with some using yellow instead (Cousins and McLeay 1997, 94).

Lessons were learnt from 1996 and these are shown in 1999 and 2002. Labour pamphlets (in 1999) focused on the party vote in 56.9 percent of pamphlets, but even those promoting electorate candidates were uniform in design (Pearce 2000, 132, 136). Labour's 2002 electorate billboards were uniform throughout the country. All the electorate billboards featured the word "Labour" and *then* the electorate candidate's surname. The electorate billboards were controlled by the central headquarters in Wellington rather than by each electorate. They were described as "clear and uncluttered. They reinforced... the overwhelming significance of the party vote" (Roberts 2003, 271).

National

National's over-arching strategy was lacking. Geoff Thompson (2007), Party President 1994-98, noted that "[National] believed firmly that the constituency organizations would be strong enough to campaign for their candidate or candidates and as a spin-off, generate the party vote attached to the candidate by association." National entrusted electorates to produce campaigns which would maximise the vote share throughout the country, not realising that electorate candidates focused more on winning their own election than winning more party votes for National overall. A review of the 2002 election found that National failed to focus on the key party vote (Grafton 2003, 114). At each election the electorates felt that their campaign was more important and relevant than the nationwide campaign (in 1996 the central campaign team even accepted this) and thus undermined any cohesive strategy that the central campaign team tried to enact.

National's campaign material provides evidence that the central campaign team was not in control of the campaign on the ground. In 1996 there were electorates which presented their pamphlets in orange and there was an absence of promotion of the party list (Cousins and McLeay 1997, 92, 94). National learnt the colour lesson 1999, but still had 46.2 percent of pamphlets focusing primarily on the party vote (Pearce 2000, 132, 136).

In 2002 National produced a woeful billboard campaign in which each electorate were left to their own devices. Some candidates produced high-quality billboards which were attractive and sought both votes. Other candidates, such as Anne Tolley in Napier (Figure 2), produced billboards which failed to even mention that they were standing for National. One commentator noted “National Party’s electorate hoardings were all over the place... totally uncoordinated.... The party simply did not have a generic model which its candidates could adopt and then adapt to fit their needs” (Roberts 2003, 272).

Figure 2 Anne Tolley, 2002 National Napier Candidate, Billboard



(source: Roberts 2003, insert)

National’s 2005 election campaign was one of the most controversial campaigns in New Zealand’s political history. After the election it became clear that National had received significant corporate donations to finance its campaign and hired Australian firm Crosby|Textor and other professional advisors for the campaign – Stephens (2008, 132-136) argues that these are also the result of the centralisation.

National’s strategy in 2005 was to build a coalition of voters by capturing the swinging voter through directly appealing to the ‘middle ground’ as well using dog-whistle and wedge tactics to appeal to different Right-wing voters. The dog-whistle and wedge movements were both ‘anti-Māori’ in their sentiment. The ability of National to implement such negative tactics was an opportunity created by the removal of the Māori section and Māori Vice President position in the 2003 review. Other factors, such as Crosby|Textor and other professionals, resulted in the opportunity being used.

In the 2005 campaign National’s central campaign team made a clear decision not to place advertisements in newspapers. Where electorates did place newspaper adverts, one-quarter were electorate-only adverts and none featured a picture of Don Brash (Rudd *et al.* 2003, 201-203). Electorate billboards followed a consistent pattern, with pictures of the candidate (left) and Don Brash (right) with the candidate’s surname, the electorate name, “PARTY VOTE” and then “NATIONAL” going down the middle of the billboard. This pattern was repeated throughout the country with no variation. National had “succeeded in putting its own house in order” (Roberts 2007, 274).

Conclusion

The contrasting advertising systems provide an insight into who controls each campaign. Labour’s electorates followed the directions from the centre. National’s electorate organisations each decided to re-invent the wheel and some came up with

visual appealing but ineffective squares. The mindset within National reflected the incentives of electorate candidates to secure their own election, whereas in Labour that incentive was constrained by a strong central organisation. By 2003, however, a shift within National had taken place, permitting the central organisation greater control over the campaign.

Labour was organizationally better equipped than National to deal with MMP. Not only was its decentralized structure ill-suited to the new environment, institutional inertia prevented it from adjusting its organisation rapidly to the new environment.

This research points out that while the electoral system and how parties organise are not directly related, some organisations are better suited to operating in certain environments. The number of other potential factors has hidden this from view, and New Zealand's 'natural experiment' has provided an opportunity to view this reality.

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