

Minor Parties and Employment Relations Policy Change: The New Zealand Experience

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Introduction

Our paper explores the potential and actual influence of minor parties on the formation of employment relations policy. Starting with an interest in how ER policy is made, and the observation that most interest focuses on the policies of major parties, we ask how much influence minor parties wield.

Our examples are drawn from the New Zealand context and – given the constraints of time – it isn't really possible to do a meaningful comparative analysis. That being said, a comparative dimension would be interesting and worthwhile, and we invite comments on the specificities of the Australian context.

The timing of this paper clearly relates to the 2014 general election in New Zealand, but also to the changing of the guard in the Australian Senate this year.

The study of Employment Relations policy typically focusses on the policy agendas of specific administrations or (prior to elections) the policy platforms of the major parties contesting the election. Minor parties – almost by definition – are assumed to carry less influence over the eventual shape of policy.

So... Why study minor parties' positions on ER?

1. Support for the traditional major parties in Westminster-inflected democracies waning over the last half century, even in the absence of PR systems [FIGURE 1]. **AND...**
2. ... this trend has led to some unexpected electoral outcomes: a recent period where no simple majority government in Westminster-derived system (Dunleavy, Curtin and Miller; see NZ spread in FIGURE 2). **SO...**
3. ... we might surmise, increasing scope for minor parties to increase vote share, to achieve office, to gain policy "wins". **BUT...**
4. ... the "cartel thesis" (Katz and Mair) on which the established status and prestige of major parties, a supposed convergence between major parties, and collusion between them can work to preserve their own privilege and marginalise minor parties. **AND FURTHERMORE...**
5. ... the well known dangers inherent in minor parties acting to influence policy: 1. Public concern at the "tail wagging the dog" and 2. Activist concern at the move from "protest to acquiescence" (Poguntke) (either seen as 'superfluous' or as 'obstructionist'. **BUT STILL...**

6. ... against the convergence thesis, ER policy in New Zealand remains an area where significant differences exist between the two major parties: In New Zealand since 2008, disagreement over: the “fire-at-will” 90-day law; minimum and youth-minimum (and living) wage; the “hobbit law”; union access to workplaces; requirements on negotiation. **AND FUTHERMORE...**
7. ... ER policy is an area where some of NZ’s minor parties (ACT on the right; the Greens and Mana on the left) have clearly articulated positions *and* see ER policy as an area of some importance. **SO...**
8. ... **OUR QUESTION:** What are the chances of minor parties exercising influence on ER policy after the election? (or, conversely, in what ways might the major parties strategically use the minor parties to further their own agenda?) **WITH A DISCLAIMER:**
9. There is no way, we think, of developing a predictive model, because too much rests on contingent circumstances and on the personalities and relationships of key individuals. What we can reasonably offer is a set of questions and important factors to consider.

To give away the end at the beginning, we suggest that the influence of minor parties is dependent on... Show [THREE KEY VARIABLES]:

- a. The **Nature of the Electoral System:** what avenues exist for minor parties to gain votes and achieve office (and thus at least *potential* influence)?
- b. The **Bargaining Power** of Minor Parties: how reliant will the major party be on the minor party to advance its agenda? Does the minor party have another option
- c. The **Policy Priorities** of Minor Parties: how important is it to the third party to influence ER policy? How central is ER policy to the party’s branding and voters and activists? (Note here the importance of understanding the multiple (and often conflicting) motivations of minor parties.)
- d. [Wildcard factors: the individual histories, foibles and relationships of key actors. This isn’t really a variable as such, but it is important - thus making tight predictive models difficult]

In this paper, we discuss each of these variables and illustrate them by way of **two scenarios:**

One historical: the history of the Maori Party and its relationship with the National-led government since 2008, and

One future-focussed and thus hypothetical: the possibility of a Labour – Green Party alliance after the 2014 election.

VARIABLE ONE: THE NATURE OF ELECTORAL SYSTEMS.

While (as we have seen) a variety of systems can result in minority government, some systems offer more scope for Minor Party influence than others.

The UK system was traditionally supposed to militate against minor or “third party” influence, for instance, until the Liberal Democrats became a necessary part of the current government.

The Australian system combines a non-proportional lower house and a proportional senate. The senate has unusually wide-ranging powers (able to bring down a government by denying supply on Budget Bills) which are in some ways limited more by convention than constitution (But see the flexing of the senate’s muscles in 1975 – Gough Whitlam’s government dismissed and 1993 – Senate sought input into budget process). Unusual for minor parties to gain seats in the lower house, but often holding the balance of power in the Senate. From later this year: Clive Palmer! Glenn Lazarus! The Sports Party!

The “elected dictatorship” nature of the unicameral New Zealand system has been ameliorated since 1996 by the proportional MMP system. MMP in NZ sets a 5% threshold, but consistently gives rise to a number of one-MP parties. The 120 seats in the NZ parliament also include 7 Maori seats.

PR systems, by reflecting more accurately the support commanded by all parties offers the supporters of minor parties a greater incentive to vote for that party.

VARIABLE TWO: THE BARGAINING POWER OF MINOR PARTIES (HOW THE NUMBERS STACK UP: RELATIVE POWER AND RELATIONAL PERMUTATIONS)

In the six elections since 1996, no party has won a simple, govern-alone majority.

What we have seen is a variety of arrangements, sometimes combined:

Official coalition agreements

Supply and confidence agreements

Memoranda of understanding (e.g. a policy-based MOU between the Greens and National)

Ministerial posts

Ministers outside of cabinet

This variety reflects the dangers for minor parties of aligning themselves too tightly with larger partners.

Muller and Strom (1999) identify three distinct motivations of minor parties: they are motivated to maximise electoral *votes*, to achieve political *office*, and to secure *policy-wins*.

What is crucial here are the ways in which these three motivations interact – and especially the ways in which they might be in tension. Achieving office (by way of a formal agreement with the governing party may come with the promise of securing policy wins. But it may also come at the cost of a long-term loss of electoral votes, if the minor party is seen as enabling an agenda that is anathema to its core constituency, or if it comes to be seen as indistinguishable from the larger party.)

Show [GOVERNING ARRANGEMENTS SINCE 2008]

The influence of minor parties is not just a number-counting game – it relates to their level of strategic importance to potential partners, as well as ideological similarity. The case can be made that, since 2011, ACT (with one MP, and that under a long-standing threat of legal action) has influence government policy far more than the 3-MP Maori Party.

This line up of potential support has enabled the National Party to flexibly negotiate legislative majorities across the political spectrum - reduces the “veto player” status of each party; they can’t hold National hostage.

VARIABLE THREE: THE POLICY PRIORITIES OF MINOR PARTIES

Show [TABLE FROM *NZJER* 2011]

But identifying the relative positions of the various parties is not sufficient. Experience since 2008 has shown that it is not enough to add up those parties who would broadly support or oppose a given ER policy setting (as we see later, looking at the Maori Party.)

How central is ER to a minor party’s identity? To its core constituency? To key individuals and groupings within the party?

Looking at this in conjunction with a party’s degree of Bargaining Power: can the third party use veto player status to stop a change in policy? i.e. does it actually have that bargaining power *and if it does*, is this a policy worth exercising the veto player status on? i.e. To what extent is employment relations seen as a priority (even as a deal-breaker or a “bottom-line”) for a minor party? To what extent are minor parties willing to use their political capital *in toto* to exert influence in one particular area?

NATIONAL AND THE MAORI PARTY, 2008 - 2014

Return to [GOVERNING ARRANGEMENTS SINCE 2008]

The Maori Party have been in a Supply-and-Confidence arrangement with the governing National Party since 2008. The terms of this agreement means that the Maori Party has been able to (and has) voted against the National Party on bills relating to Employment Relations (except for the Hobbit legislation, and that support with caution).

The Maori Party is not easily placed on a traditional left-right spectrum. But it does claim to be founded on a concern for the alienated and for those on low incomes. Yet the Party's support for National on Supply and Confidence allowed the government to continue and its policy programme to be implemented.

In the face of criticism, the Maori Party defended its relationship with National by claiming that it offered the best chance of securing policy wins: "gains for our people." The alignment with National – though counter-intuitive in policy or ideological terms – also makes sense against the background of the Party's origin – it's opposition to Foreshore and Seabed legislation introduced by the previous Labour administration and (one of those **wildcard** factors) of co-leader Tariana Turia's personal history with Labour and its leader during her acrimonious departure from Labour over the F+S issue.

But the achievement of political *office* (ministerial positions "outside cabinet"), and of *policy-wins* (Whanau Ora, mainly) came at the expense of electoral votes: From 2008 (2.4% and 5 MPs) to 2011 (1.4% and 3 MPs). Electoral support for the Maori Party is heavily concentrated among low-wage earners and beneficiaries, and co-leader Pita Sharples acknowledged that his party had lost a number of arguments that were important to Maori. Crucially, only 48% of the party's voters believed that Maori had benefitted from the party's association with National.

The tensions also resulted in the defection of MP Hone Harawira, who went on to establish the Mana Party with a more explicit and extreme left-wing perspective.

But... what was the Maori Party to do? Its **Bargaining Power**, which looked objectively strong, reduced by National's wide-array of support partners. The National Party had options. It didn't need a formal agreement with the Maori Party in 2008. It could have governed with ACT and the United Future (and that constellation would have had far greater ideological coherence). But National's line up of support partners enabled it to reduce the "veto player" status of each minor party. Even if it had "veto-power" would ER been enough of a **Policy Priority** for the Maori Party to expend its political capital on it?

LABOUR AND THE GREEN PARTY, 2014 (???)

At the beginning of 2014, predicting the outcome of the election even more fraught than usual: Will ACT survive? United Future? NZ First? What chance the Conservative Party? Will Kim Dotcom make any impact? What sort?

There are many possibilities, and we do not dabble in forecasting here. Still, as a hypothetical:

A Green + Labour bloc may form the basis of the next government. In contrast to the National – Maori Party scenario, Labour and the Greens make sense ideologically. Labour and Green ER policies are broadly in sync. While in opposition the parties have jointly authored minority select committee opinions, both back the Living Wage Campaign, and the immediate raising of the minimum wage to \$15.

The Greens influence on employment relations changes in a Labour-led government could happen in two ways:

1. **Enabling** Labour to govern and pass legislation that is more sympathetic to low-paid workers and to unions. The Greens are likely to back any Labour policy and legislation that moves ER in the direction they approve of, even if they disagree with the detail or think it does not go far enough. For example, Labour has announced an intention to ensure all public servants are paid the living wage - subject to fiscal responsibility - and to **later** roll this out to crown entities and contractors. The Greens support this **but say contractors such as parliamentary cleaners are in greater need and their needs must be addressed first**. It is hard to imagine the Greens not supporting Labour on this, after first arguing their case vigorously and losing.
2. **Influencing** policy changes around the edges, with a radicalising effect, because of different priorities and approaches. The Greens may prove more radical in the ER policies they want (e.g. raising the minimum wage to 66% of the median wage), while Labour may be keen 'not to scare the horses' (i.e. not to be perceived as business-unfriendly) and approach ER issues more cautiously. (See the paid parental leave example from 2001)

The extent of the Greens' **Bargaining Power** is an empirical question that cannot be settled until after the election. What we can say is that the Greens are, on many issues, to the left of Labour, and thus have few other options besides providing support for Labour's policies.

In terms of their **Policy Priorities**, ER is likely to have a reasonably high priority, within their broader social justice frame. Again, the **[wild-card]** role of key individuals – the installation of Laila Harre (unionist, former Alliance MP, former ILO rep in the South Pacific, formidable negotiator) as the Greens 'Issues Director' in 2012. Note her role in getting Paid Parental Leave on the agenda in

1998 and enacted in 2001. Labour in support, but may not have put it on the agenda if not for Harre.

CONCLUSION

In understanding how ER policy gets made and changed, minor parties can exercise a degree of influence. The exact degree of that influence is determined by the **Bargaining Power** of the minor party (a function of the minor party's number of votes, the other options available to it, and – crucially – the options open to the major party) and by the extent to which the minor party sees ER as a **Policy Priority**. Or, expressed as a set of questions:

1. How many votes does the minor party have?
2. What priority do they place on ER policy?
3. What options does the relevant major party have?
4. What are the expectations of the people who have (or might) vote for the party in the future?

It is possible, of course, for major parties to strategically use the existence of minor parties (National, ACT and charter schools) i.e. to enact a policy that they probably wanted to but that was more extreme than the major party would otherwise have been comfortable with: in effect, “blaming” the minor party for negotiating too well.

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