

Electoral Reform: Is it time?

Henry Ergas 29 August 2010

With the Greens securing over 11 per cent of the popular vote but winning only one seat in the lower house, and with a possibly record level of informal voting, could it be time for electoral reform?

Not that the Greens get less than a fair deal. Given their power in the Senate, the opposite is true. And with government now hinging on a clutch of agrarian socialists and a gaggle of Greens, no one could claim our political system gives minorities no say.

Nor could anyone deny our electoral system's historic strengths. Its winner-takes-all nature, granting the victors in the lower house all the advantages of government while allocating little to the losers, ensures intense rivalry between major parties. It has also usually resulted in governments powerful enough to initiate far-reaching reforms. At the same time, frequent redistributions and short terms of office have prevented incumbency sliding into monopoly. So has preferential voting, which reduces the entry barriers independents and new parties would face under pure first-past-the-post.

The result has been a sensible balance between strong electoral competition and stable government. Little wonder international surveys show Australians have long had a high level of satisfaction with their political institutions. But our electoral system also creates distortions that have become increasingly acute yet could, to some extent, be addressed by reform.

The first is localism. As manipulating elections has evolved from an art to a science, political competition has focussed ever more intensely on marginal seats.

That leads major parties to emphasise visible, highly targeted, give-aways. Invariably, these involve spending increases rather than tax cuts, which cannot be laser-beamed to particular electorates. And to have political value, these give-aways cannot be programs that would be implemented in any event. Rather, the more they deviate from sensible policy, the better.

The result is widespread cost shifting from marginal voters to the community at large, while benefits are shifted the other way. As the rewards to cost shifting are greatest in country areas, rural politicians have become particularly adept in putting their loyalty up for sale, with the independents being the extreme case. Given that providing services in country Australia can cost five to ten times more than in the cities (while the relativity in benefits often goes the other way), the outcome is massive inefficiency.

Now, campaign promises will always be targeted to the areas where voting patterns are most volatile. But proportional representation in the lower house would weaken the link between geography and representation. And it would make it more costly for parties to ignore voters in their heartlands, as a vote lost there would make a greater difference.

This might encourage some rebalancing in politics from targeted promises to policies of more general importance, much as in the Nineteenth century, mass suffrage, by making it too expensive for parties to rely simply on patronage, reoriented political competition towards rivalry between political programs and in the provision of public goods.

Second, our system of preferential voting facilitates collusion between major parties and potential challengers. Moreover, the move to ticket voting (i.e. voting ‘above the line’), which hides preference deals from voters and centralises control over vote flow in party machines, has made that effect more pronounced.

Labor, for example, effectively divides the market with the Greens, much as the Coalition used to with the DLP. In contrast, under PR, the ALP would likely have to form a governing coalition with the Greens on the floor of the house, which would force Labor to confront the contradictions such a coalition would create. Conversely, if it chose to compete with the Greens, that too would face Labor with tough choices between its traditional base and the Greens’ supporters.

Third and related, preferential voting aggravates information imperfections inherent in democratic government.

In mass democracy, each individual vote has virtually no impact on outcomes, so voters have too little incentive to invest in gathering detailed information. However, that under-investment is partly offset by parties’ incentives to inform voters of any nasties in their rivals’ policies. But preference deals reduce that incentive, as the beneficiary of the preference flow has no interest in undermining its source of votes.

Most Greens voters, for example, have no idea what the Greens’ economic policies are. One therefore finds affluent, well-educated voters supporting a party whose program involves raising marginal tax rates, withdrawing from trade agreements and increasing tariffs. In contrast, were a vote for the Greens a vote truly lost to Labor (as would occur under PR), Labor would be less likely to politely ignore the Greens’ economic program.

These are all important elements. But they do not necessarily add up to a compelling case for PR. The reality is that no electoral system is perfect, and PR has many defects.

Most obviously, PR reshapes the political fabric towards a more consensual model, creating myriad veto points to policy change. Policy stability is not necessarily a bad thing: indeed, there is a scholarly literature that concludes that the economic performance of countries with PR is at least as good as that of countries with voting systems based on variants of first-past-the-post. But experience shows PR can itself degenerate into collusion between political actors and an inability to engage major reform even when hard times demand it.

Moreover, if the thresholds for representation are set low, the resulting political fragmentation increases the costs of reaching bargains that reflect broad, community, interests. Politics risks morphing into an unstable form of horse-trading in which

benefits are shifted to insiders while costs are transferred on to those outside (transient) governing coalitions.

Last but not least, no country that has gone from variants of first-past-the-post to PR has ever made the trip back, with everything pointing to substantial lock-in effects as PR creates interests that once mobilised, are not readily suppressed. This is not a change that should be made lightly.

But that does not mean we should simply put up with ever more obvious dysfunctions. Historically, Australia has been a laboratory for experiments in electoral systems. Moreover, our systems have evolved as circumstances have changed, most recently through important reforms in 1983. With a hung parliament reflecting new challenges to our institutions, a comprehensive, public, review of electoral reform would be well worth considering.