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Why Did New Zealand Voters Swing to the Right?

Jesse Walker opens his commentary on the New Zealand election by saying:

“At least one country is responding to the financial crisis by moving to the right, not left.”

This is factually correct but may overstate the case.

Certainly, New Zealanders elected a conservative National-led coalition Government and removed from office a Labour-led coalition which had served three terms of three years.

While it is appealing to contrast this move to the right with America’s move to the left, it is probably unwise to claim these were contrasting responses to the international financial crisis.

Indeed, I suspect the analysis of both the New Zealand and American elections is equally flawed.

Certainly the key mood in the New Zealand electorate was simply that it was “Time for a Change”. And given that the incumbent Government was a left-of-centre Government, the change could only be to the right of centre. In this regard there is a strong parallel with the American Presidential race where the mood was equally that it was “Time for a Change” and in the US this meant a move from the Republican Right to the Democratic Left.

The mood for change was probably stronger in New Zealand because a three term government (nine years) is most uncommon here; in particular Helen Clark’s nine years as leader of that Government was a record, and had she won a fourth term as a Labour Prime Minister it would have been unprecedented. The historical odds were against her.

On the other hand all US Presidents must move aside after two terms so change is thrust upon them.

Now that both elections are over, the new US president and the new National Government (led by John Key) must now face up to the harsh reality of the inevitable recession or depression resulting from the collapse of the housing and financial bubbles that dominated both economies during the last decade. This focus may encourage many more analysts to believe the financial crisis was the cause of the electoral outcomes, even if the ideological swings were opposite.

However, I believe that Obama would have won the Presidential race had there been no financial crisis, and that that John Key would also now be Prime Minister of New Zealand.

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However, both their victories might have been less emphatic.

In both countries voters were faced with a generational change. Obama is a young man in his early prime; McCain was an old man whose mortality worked against him. Helen Clark is younger than McCain (58 vs 72) but having entered Parliament in 1981, becoming Deputy Prime Minister in 1989 and Prime Minister since 1999, she was seen as one of the old guard. Consequently she stepped down as leader of the Labour Party as part of her speech conceding defeat on election night.



John Key is a young man of 47 who has been in parliament only since 2002 and Leader of the Opposition only since 2006. As in America, the electorate saw 2008 as time for a changing of the guard.

The role of the financial crisis in this New Zealand election was ambivalent.

By law our full-on election campaign is brief – only three months – compared to the campaigns of the US, and Parliament goes into recess during the whole of the campaign.

As it happened, the full impact of the financial crisis on the NZ economy became apparent at about the same time as campaigning began – although the collapse of the housing market had begun somewhat earlier. The campaigning politicians had little time to develop solid policies in response to the threat and, given that Parliament was in recess, could do nothing about it anyhow.

Helen Clark argued that her Labour Government had successfully managed the economy for nine years and her team had the experience to manage the New Zealand economy through the next three years. John Key argued that his party had more skills in the field and that the Labour party benches were full of academics and trade unionists, most of whom had never run a business in their lives.

Clark's response was that the National Party, and John Key in particular, were part of the problem. Don Brash, who had stepped aside as Leader of the Opposition, to allow John Key to take over, was Governor of the Reserve Bank for 14 years. Since resigning from Parliament in 2007 he is currently adjunct professor of Banking at the Auckland University of Technology. (And Chairman of the Centre for Resource Management Studies).

John Key began working as a foreign exchange dealer at Elders Finance in Wellington, then moved to Auckland-based Bankers Trust in 1988. In 1995, he joined [Merrill Lynch](#) as head of Asian foreign exchange in Singapore. That same year he was promoted to Merrill's global head of foreign exchange, based in London, and was a member of the [Foreign Exchange Committee](#) of the New York Federal Reserve Bank from 1999 to 2001.

Clark's trade union base saw John Key as a Wall Street banker and a cause of the problem, Key's business base saw him as a man who understood the industry and had the skills and know-how to deal with the problem.

The pros and cons probably balanced each other out.



However, on election night John Key's Centrist but Conservative National Party, (combined with the soft somewhat libertarian Act Party as a coalition partner) had scored a decisive victory – probably about as decisive a victory as is possible given our system of Mixed Member Proportional representation. (MMP)

This is a genuine change of the machinery of Government – not just a change of Administration. New Zealand has only a single House of Parliament (No Upper House or Senate) and the Executive (Cabinet) is formed by the leader of the majority party in Parliament who becomes Prime Minister and heads the Executive.

There is widespread agreement, at least among the supporters of the new regime, that Labour's massive defeat was primarily caused by New Zealanders' rejection of the "Nanny State" which was increasingly interfering in our daily lives.

And here may lie the real lesson for the new President of the USA.

While the US is a genuine Super Power, and New Zealand is a mere pimple on the global body politic, we always aspire to punch-above-our-weight, and frequently do.

Helen Clark decided that New Zealand would be a world leader in fighting Climate Change (anthropogenic global warming) and that we would be the world's most sustainable economy with a carbon neutral footprint.

We are proud to be Clean and Green and our Tourism Board promotes New Zealand as 100% Pure – presumably we are free of even impure thoughts.

So for some time New Zealanders responded with some enthusiasm to this new challenge of leadership on the world stage.

However, as commentators, as diverse in time and place as the late Aaron Wildavsky and Vaclav Klaus have warned, Global Warming is the mother of all scares because it enables Government to interfere in every aspect of our lives, and can claim that no price is too high if necessary to save the planet for our grandchildren.

Inevitably the High Priests of "Sustainability" began to demand we break our "addiction" to private automobiles and learn to love public transport; that we learn to love high-density apartments and abandon our home gardens; and stop doing anything which consumed fossil fuel. It soon became clear to many, that the main concern of these New Puritans was that someone, somewhere, might just be enjoying themselves.



Our unsubsidised grass farmers, who pay most of our way in the world began to wonder why our belching cattle should be penalized by Kyoto rules, when subsidized European cattle were not. After all, cows have been belching since the first ruminants walked the earth and they don't run on fossil fuel.

Rodney Hide, leader of the Act Party, began to argue we should dump the Emissions Trading Scheme and withdraw from Kyoto because the whole Global Warming fear was a massive scam. This is supposed to be political suicide but the polls showed that Act's support suddenly increased and Act is now part of the new Government and their extra five seats consolidate John Key's comfortable majority in the 120 seat Parliament.

Similarly, if the President Elect Obama becomes a High Priest of Climate Change he may find that 95% of Americans, just like New Zealanders, believe other people should use public transport so there is more room on the road for them. He may also find that while the costs of Kyoto are scary and may drive even more energy intensive industries offshore to non-complying countries like China and India, it is the minor interventions in daily life which are the real irritant that could turn the electorate against him and make him a one term President.

Because when it comes down to it John Key's majority may have been cemented in place by New Zealanders' affection for taking a shower.

A few weeks before the election, the Labour Government, largely at the behest of the Green Party, whose support they depended on to maintain their majority in Parliament, proposed regulations which would limit the flow of water through a shower head to about 1.5 gallons per minute. The aim was to save both water and energy and thus make our houses more "sustainable". The standard "low flow" rose in most showers at the time delivered about 3.5 gallons per minute.

This proved to be the last straw. The grumblings about the proposed mandatory replacement of incandescent light bulbs with compact fluorescents, similar to the rumblings in the US, exploded into a furor on blog sites, talk-back radio and letters to the editor. A popular blogger drew up a list of 85 things the Greens want to ban. People recalled how a Green Party official had endorsed a petition calling for the ban of Dihydrogen Monoxide – which just happens to be water.

The proposal was not just irksome; it soon became evident to anyone with two grains of dirt to rub together that it would not even achieve its objective. People would stay in the shower longer or alternatively run a nice deep hot bath.

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Of course this was a trivial symbol in itself but, as is so often the case in political campaigns, this single minor proposal came to symbolize a whole range of discontents, and people could use it as a focus for their latent rage and fury against the Nanny State.

So Jesse Walker's comment that triggered the request for this commentary on the New Zealand election might have more properly have read:

“At least one country is responding to global warming alarmism by moving to the right, not left.”

While Barack Obama may have to look up New Zealand in an Atlas our recent experience might give him reason to pause. A stance against Global Warming is popular – right up until it starts to bite.

Then the American public too, might just bite back.

Owen McShane

Director

CRMS