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Income Inequality, Voter Turnout and Employment in 2005 – 2014 Elections in New Zealand

A thesis
submitted partial fulfilment
of the requirements for the degree
of
Masters of Arts in Political Science
at
The University of Waikato
by
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2017
Abstract
As Robert Dahl put it in 1971, “a key characteristic of a democracy is the continued responsiveness of the government to the preferences of its citizens, considered as political equals”. Democracy is thought to break down when equality diminishes. This paper explores the causal relation between an independent variable, income inequality, and a potential dependent variable, voter turnout (as a measure of democratic participation), at the local level in 13 electoral districts in New Zealand over 4 national elections.

For Bühlmann, the three fundamental principles of democracy are equality, freedom and control. Equality usually ranks at the top of most democratic criteria. New Zealand, once regarded as one of the most egalitarian societies in the world, was ranked 23rd out of 34 countries on the OECD measure of income inequality in 2012, and has continued to drop since then, with “New Zealand [having] the largest increase in income inequality of all the OECD countries since the mid 1980’s...”. Of the top 20% of income earners, 86% voted in the New Zealand national elections, compared to the bottom 20% of income earners, where only 75% voted. Goodin and Dryzek argue that the more that economic power is concentrated within the elite, the more the bottom income earners will withdraw from electoral voting.

Participation in politics, in this interpretation, tends to be driven by relative income. Income inequality, in this view, hinders democracy by blocking full participation in society and limiting a sense of belonging. This study has tested these presumptions with a cursory longitudinal analysis of 13 comparative and contrasting local electoral districts in New Zealand, once the most egalitarian and, arguably, most democratic country in the world.

The research shows that household income inequality has an inverse effect on voter turnout, taken as a whole. With the voting that has occurred, there is a clear preference for right-of-centre parties. Regardless of economic standing, citizens are apparently continuing to vote against their immediate interests. The results also suggest that while employment rates are currently high in New Zealand, voter turnout is decreasing and voters perhaps have previously blamed the government for their lack of employment even when they have seemingly lost the bases of their grievances.
Acknowledgements

I would like give my foremost thanks to Professor Dan Zirker for his encouragement, dedication and enthusiasm as my supervisor. Your sharp eye and expertise are highly appreciated.

The University of Waikato Masters Scholarship programme and the New Zealand Electoral Commission deserve thanks for giving me the financial support for completing this thesis.

The Ministry of Social Development, Bryan Perry, the Parliamentary Library and The Treasury are thanked for providing permission for the use of their graphs.

To my best friend, for your constructive criticism, truthfulness and endless discussions. Thank you for your time and support.

To my partner, Tim, thank you for the endless coffee supply, dinner chat on voter turnout and positive support you have given me over the last year. This project would not have been completed without your kindness and patience.
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Introduction

In New Zealand and on an international level, there has been an alarming decline in voter turnout. Declining voter turnout poses a threat to democratic processes. Rather than remaining a political framework malleable to the opinions of the majority, democracies become overwhelmingly determined by a wealthy few, that is, when a few, privileged citizens ultimately determine electoral outcomes. This is what happens, according to the following study, when voter turnout declines because of overwhelming income inequality.

Voter turnout has been surveyed by numerous scholars and political figures and measured against numerous variables. One variable that has seemingly been given little regard in existing scholarship is that of “household income inequality” (HII). With HII on the rise and a decrease in voter turnout, there is a gap in knowledge regarding the potential relation between HII and election turnout numbers within New Zealand. The scholarship cited throughout has gone into depth on issues of social class, education and income as potential determinants of an individual’s voting choices, or willingness to vote at all.

As historically argued by Brady, Verba and Schlozman,\(^1\) as well as Lijphart,\(^2\) and Scott and Acock,\(^3\) I also consider social class, education and income as primary determinants of voting patterns and voter turnout. Applying a more contemporary lens, however, enables us to consider the recent changes to New Zealand’s societal structure due to the rising rates of income inequality and the declining rates of voter turnout. Declining voter turnout is a multi-faceted issue comprised of an array of variables. For this project, however, I have limited these variables to HII and employment rates within the New Zealand context. Declining rates of political participation tend to undermine the fundamental principle of democracy and challenge the efficacy of democracy as a viable means of attaining political equality and inclusion. Working within this democratic framework, this paper relates New Zealand’s increasing income inequality and


\(^3\) Wilbur J. Scott and Alan C. Acock, ‘Socioeconomic Status, Unemployment Experience, and Political Participation: A Disentangling of Main and Interaction Effects’, *Political Behavior*, 1 (1979), 361-381.
increasing rates of unemployment with its declining voter turnout in national elections from 2005-2014.

New Zealand was once one of the most egalitarian societies in the world.\(^4\) It was considered a classless society where immigrants from England found themselves in a largely free society and a supportive welfare state. As Robert Dahl suggested, equality and democracy are symbiotic, that is, if equality diminishes, democracy will tend to break down. Democracy should, theoretically, create or maintain a relatively equal political standing between citizens despite their respective levels of wealth and/or social status. Over the last thirty years, however, economic reforms and societal structures in New Zealand have created an imbalance between the wealthy and the less wealthy. New Zealand has been noted as having one of the fastest growing income gaps in the world.\(^5\) Twenty years later, the repercussions of the disparate growth between the wealthy and less wealthy, has reshaped society. My argument suggests that this escalating income inequality plays a role in subsequent political choices, and specifically in the way in which individuals conceptualise their role as political participants.

From 1981 to 1996 voter turnout was over 80%. However, from 1999 to 2011 turnout dropped, ranging between 70% to 80%.\(^6\) Statistics New Zealand completed an annual New Zealand General Social Survey which has a section researching non-voters. The 2014 survey asked individuals to give reasons as to why they did not vote in the 2008 and 2011 national elections. The most common reason given was that ‘I didn’t get round to it or I forgot about it/am not interested’, this reason received 20.6% of the responses in 2008, and 21.0% in 2011. The next highest reason for not voting was ‘I didn’t think it was worth voting’. ‘Because it makes no difference which party is in government’ received a response rate of 8.0% in 2008 and 7.0% in 2011. The third highest response rate was for: ‘I didn’t think it was worth voting because my vote wouldn’t have made a difference’. This reason received a response rate of 3.9% in 2008 and 7.1% in


2011. The study found several similar characteristics among non-voters: there were higher rates of young people who did not vote, and people with lower incomes were also less likely to vote. 28% of individuals who said they did not have enough money to meet everyday needs did not vote, while, significantly, only 12% of individuals who said they did have enough money did not vote. Unemployed people here, were less likely to vote, and recent immigrants, although qualified, were less likely to vote than long-term migrants.

Within this project, particular emphasis was given to the finding that those with inadequate incomes and those who were unemployed were the groups least likely to vote. Income and employment are, arguably, the primary means people use to achieve status within society. As I will discuss further (below), social status creates an imbalance within society because the comparison of wealth and/or privilege generated between the wealthier and the less wealthy tends to generate stress, and this has a detrimental effect on overall health. Income inequality stigmatises a society while manufacturing a sense of entitlement among the wealthy. The dominant influence of the wealthy within the political sphere ultimately leads to a plutocracy and away from a democracy. Democracy should, in theory at least, contribute to greater income redistribution.

Of the top 20% of income earners in New Zealand, 86% voted in national elections, compared with the bottom 20% of income earners, where only 75% voted. Voting, in this interpretation, is significantly influenced by relative income. It is a problematic feature of New Zealand democracy that there exists a substantial disparity between the more wealthy and the low-income individuals (or households—whatever measurement is employed). In the case of the lower income brackets, there appears to be a sense of exclusion or futility regarding the

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political sphere, whilst the wealthier more readily engage with it. Consequentially, the wealthier—or those who are statistically more likely to exercise their right to vote—are inevitably going to influence New Zealand politics and determine political outcomes, whereas the less wealthy tend to disengage.

Wealth, it seems, or the lack of it, relates closely with how individuals conceptualise their roles as political participants and their engagement within this particular sphere. To explore the relationship between declining voter turnout and income inequality and unemployment, this paper examines H1 as a measure. It thereby seeks to evaluate whether this variable directly effects political participation. It should be noted here that while income inequality as a general variable is an important aspect of voter turnout, this work takes income inequality as its primary focus.

As noted earlier, a key element in a democratic welfare state like New Zealand is the equal standing of its citizens. However, if we are seeing a decline in voter turnout, especially among the less wealthy, redistribution will, in theory, decrease due, at least theoretically, to the higher voter turnout, and the consequently more effective demands of the wealthy. The disengagement of the less wealthy minimises the support for policies that benefit this demographic. New Zealand will consequently face the likelihood of a democracy that increasingly represents the values of the wealthy. Arguably, this trend of disparate political participation between the wealthy and less wealthy within New Zealand is enabling the wealthier classes to hold greater power through political engagement. This is arguably undemocratic and contrary to the values of democracy.

In order to establish a causal link between H1 and employment with voter turnout and party preferences, my research employs a quantitative approach with the variables of H1, voter turnout, party vote preferences and employment rates. I use graphs in order to establish and analyse trends to examine hypotheses. I explore change in 13 New Zealand electoral districts in the variables listed. Nine of the districts are chosen at random, two, for their high average household incomes, and two because they are Māori electoral districts. This study focuses on a nine-year period with four national elections conducted in 2005, 2008, 2011 and 2014.
Throughout this thesis, there is the frequent use of ‘left-of-centre’ and ‘right-of-centre’ as ideological orientations in voting preferences. Depending on a country’s political party structure, ‘left-of-centre’ and ‘right-of-centre’ refer to preferences regarding redistribution of incomes and resources, with ‘left-of-centre’ favouring income redistribution through progressive taxation, and ‘right-of-centre’ opposing redistributive policies. Questions of redistribution represent the most important criteria for purposes of this study, and are therefore the basis of the distinction between ‘left-of-centre’ and ‘right-of-centre’ in this thesis.

The terminology used herein of ‘wealthy’ and ‘less wealthy’ implies that the ‘wealthy’ are a group of high-income earners who do not struggle to make ends meet. The ‘less wealthy’ is a group that is struggling to make ends meet, and typically do not see themselves as having enough money to meet every day needs. As discussed further in Chapter Five, for purposes of this study, the ‘wealthy’ are the top 80% of income earners and the ‘less wealthy’ are the bottom 20%. Many of the studies in this thesis do not define the income levels of the two groups, but rather consider the research on income inequality.

‘Wealth’ is a complicated measure. The nine districts chosen at random are of similar income levels, but the cost of living in each district has not been tabulated. The two higher household earning districts are in Auckland (Mt Albert) and Wellington (Wellington Central). Auckland has recently been identified as the fourth most expensive city in the world, primarily because of its housing costs.13 Although the Mt Albert electoral district tends to have higher incomes, it is difficult to affirm that this district is ‘more wealthy’ because of its significantly higher cost of living.

This thesis endeavours to highlight the importance of household income inequality as it relates to voter patterns, societal engagement, and its costs to the democratic process. Answering the question, ‘does HII affect voting blocs in New Zealand?’ this study ultimately hopes to influence policy and educate its readers about HII and the corresponding effects on political and societal engagement.

To answer this overall research question, I have divided the argument into three hypotheses:

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**Hypotheses 1:** When household income inequality rises, voter turnout in national elections drops.

**Hypothesis 1a:** When household income inequality rises, the National Party receives more votes on the national level.

**Hypothesis 1b:** When unemployment rises, the rate of voter turnout increases.

A sample of thirteen electoral districts out of a possible sixty-four have been chosen for this study. This small sample can be said to be representative of the population of interest, although I am mindful that this is a limited study because of the small sample size. The districts were gathered via stratified random sampling with some shared characteristics. Districts were chosen based upon an apparent preponderance of low household income, high household income, or status as Māori voting districts. Four national elections over a nine-year period were examined. The limited nature of the study as a master’s thesis did not allow for more districts or elections.

**Conclusion**

This chapter introduced a gap in the scholarship between HII and employment and their relationships to voter turnout and party vote preference. The importance of studying income inequality was outlined, as were the potential limitations that this study encountered. Chapter two will explore the history of economic reforms which influenced HII and employment. It will attempt to analyse how income inequality evolves and, furthermore, the potential threats income inequality poses to the values of democracy.
Chapter One: Income inequality: The History and Current Standing of New Zealand

I will analyse the current scholarship on income inequality and how it came to be a cultural issue and thereby disadvantage society. This chapter will attempt to establish that income inequality engenders negative social and political changes and has the potential to gradually breakdown New Zealand’s economy and social reforms. In other words, the events in New Zealand’s recent history have led to pejorative outcomes and a consequent outcry for political change.

Income inequality

Firstly, it is important to define what income inequality is. The definition provided in Max Rashbrooke’s book, Inequality: A New Zealand Crisis, describes inequality as:

the way incomes are distributed unequally across the various participants in an economy… this refers to differences between households, but occasionally it is used to describe differences in individuals’ incomes.\textsuperscript{14}

John Rawls often wrote about the problems of inequality. In A Theory of Justice, Rawls found that economic inequality should be addressed so that the outcome leads to the greatest benefit to the least-advantaged members of society, and this would necessarily entail redistribution. He also notes that offices and positions must be open to everyone under conditions of equal opportunity.\textsuperscript{15} Rawls argued that income equality was the key to social justice. His theory required citizens to not only be formally equal but substantively equal. All citizens, he argued, should have the same opportunities to hold office and have the ability to influence elections – regardless of social class. This understanding has its limitations in application, however. Using Thomas Hobbes famous text, Leviathan, which seeks to describe humanity’s natural state, affirmed that: “[humans have] a perpetual and restless desire of power after power”.\textsuperscript{16} This suggests that, with the innate

\textsuperscript{14} Max Rashbrooke, Inequality: A New Zealand Crisis (New Zealand: Bridget Williams Books, 2013), p. 5.
need for power, there is the need for capitalism.\textsuperscript{17} This desire is the foundation of income inequality: regardless of restrictions, an unequal society is an inevitable outcome. This prevalence of income inequality extends to later writers Jane Austen and Honore de Balzac, who discuss the rise in income inequality in Britain and France in the Eighteenth Century. They share a similar view to Hobbes in that they see the human lust for power and greed as inevitable. This view is outlined graphically in William Forster Lloyd’s early Nineteenth Century economic theory, \textit{the Tragedy of the Commons}, where he sought to explain that within a resource-shared society, every individual will want their share, and thus the resource will run dry. Ultimately, each person wants what other people have and this greed produces a competitive struggle to have the best or—as is the ultimate goal—to be the best. Inequality, as Hobbes suggests, is a feature of natural human adaptation.

Thomas Picketty’s \textit{Capitalism in the 21\textsuperscript{st} Century} surveys the causal relationship between wealth and income inequality. Referring to the 21\textsuperscript{st} century, Piketty describes a pattern of the wealthier growing richer. He uses a specific formula to explain this where the rate of return on capital (profits, dividends, interest, rents and other income from capital) when compared to the rate of economic growth is exceptionally high. He argues that when the rate of economic growth is low, wealth tends to accumulate faster from the return on capital, and this tends to accumulate more among the wealthy. This cycle is thus increasing inequality and creating a concentration of wealth.\textsuperscript{18} Moreover, this is a process by which newly created wealth, under some conditions, can become concentrated in the hands of wealthy individuals or entities: those who hold wealth have the means to invest in newly created sources and structures of wealth, or to otherwise leverage the accumulation of wealth, and therefore create more wealth.\textsuperscript{19} This unequal distribution of wealth causes social and economic instability. As Mike Davis illustrated in the \textit{Planet of the Slums} the future will see a world housing crisis with deteriorating cities and most people pushed into slums as a result of the

\textsuperscript{19} Piketty, p. 306.
current capitalism state we are in. 20 This, as Piketty describes it, means that inequality is not an accident but rather a feature of capitalism. 21

Joseph E. Stiglitz’s The Price of Inequality employs a similar logic to that of Piketty, documenting two ways in which inequality is developing: irrational rent-seeking behaviours and unregulated financial institutions. Rent seeking is the act of spending resources on political activity to increase one's share of existing wealth without creating wealth. The effects of rent-seeking as outlined by Stiglitz are reduced economic efficiency through poor allocation of resources, reduced wealth creation, lost government revenue, increased income inequality and, potentially, national economy decline. 22 Stiglitz argues that rent-seeking contributes significantly to income inequality in the United States through the lobbying of government policies that enable the wealthy and powerful to accumulate income, not as a reward for creating wealth, but by grabbing a larger share of the wealth that would otherwise have been produced without their effort. 23 Piketty affirms this point and has also analysed international economies and their changes in tax rates to conclude that much of income inequality is a result of rent-seeking among wealthy tax payers. 24 Rent-seeking can also result in adverse regulation that targets certain firms, but not others (usually the rent-seekers), thus eroding competition. Stiglitz also mentions rent-seeking in the market, including actions like fraud and the use of market power to extract rents, 25 and argues that these can aid individuals and firms in circumventing the law. Additionally, rent seeking is a defence mechanism that firms use to oppose regulation. Even if we believe that some regulation is ideal, it does not follow that all regulation is ideal, he notes, lending to some rent-seeking behaviour a sense of legitimacy. Thus, while rent-seeking may be used as a means of distorting markets — and it often is — it also can be used as a way of protecting markets from the predation of the state. Either way you look at it, the problem lies with the elite influencing the government to use its power to enforce rules which otherwise would not be developed through private institutions.

20 Mike Davis, Planet of Slums (United States of America: Verso, 2006).
21 Piketty, p. 512.
23 Stiglitz, p. 37.
24 Stiglitz, p. 37.
25 Stiglitz, p. 28-29.
“Inadequate financial institutions” refers to the banking system and its role in assisting the creation of levels of inequality that, without it, would not exist. The financial sector is in desperate need of greater competition. Competition would allow for the lowering of prices and less of a dictatorship between a few companies. Stiglitz argues that financial liberalisation during the 1970’s and 80’s created significant financial instability: financial institutions were given excessive and non-competitive leverage. Credit is seen as being the biggest problem. This is not credit in the sense that someone has been given credit, and can use it to gain something in return (as when someone buys a car); it is rather a convention that contributes to excessive bank note printing. Bank notes are a form of debt. For example, those who bought a house in the US during the 1990’s and acquired debt were vulnerable when housing prices later collapsed. The creditors gained from the inflated prices, and even when the purchaser had the burden of a large debt, one that was worth significantly less than it once was. Stiglitz places the blame for inequality stemming from this credit crisis on the current US bankruptcy law. When this sudden debt situation happens to large corporate firms, they are given leniency. However, when it comes to a private mortgage owner, this debt holder is not afforded the same luxury. Stiglitz recognises that with capitalism, current laws and corporations are key players in the creation of income inequality. Their function in society has continually contributed to income inequality.

The Spirit Level, by Richard Wilkinson and Kate Pickett, compares 23 developed countries against each other in relation to income inequality and public health outcomes. The text affirms that income inequality is detrimental to a society’s health, and gives us a thorough insight into the connections between social and health problems in countries with high-income inequality. The overall finding was that income inequality, in every case, leads to wide-scale stress.

Stress is known for its serious and detrimental effects to health. The effects of stress are both physical and psychological, the latter including declining mental health, and obesity throughout society. Michael Marmot’s 1978 UK-based study found that heart attacks increased significantly among those lower on

26 Stiglitz, p. 89.
27 Stiglitz, p. 130.
28 Wilkinson and Pickett, pp. 31-45.
He found that it is more stressful to be without an income than to be working in a high paying, stressful job.\textsuperscript{30} As we have seen in \textit{The Spirit Level}, New Zealand figured poorly compared to the countries studied, ranking seventeenth out of twenty-one countries.\textsuperscript{31} Perhaps the most striking conclusion to come from \textit{The Spirit Level} is that resultant social and health effects are not only suffered by the less wealthy. For example, Americans on average will die four and a half years earlier than Japanese, and this occurs without class affiliation. George Papandreou noted that: \textsuperscript{32}

in all studies we have seen that more equal societies perform better in all categories: Life expectancy, math and literacy rates, infant mortality rates, teenage birth rates, obesity rates & even happiness levels. Even the rich live longer in equal societies, so we’re not punishing them, they benefit.

Unrelated to an individual’s specific class, the benefits, notably health, of an equal society outweigh the benefits accrued by a society with a hierarchical system.

Wilkinson and Pickett also found income inequality serves to break down social cohesion: if people are seen to be equal, they feel like they have more in common with each other, and tend to be more trusting.\textsuperscript{33} Inequality creates gaps that weakens society and encourages competition rather than collaboration. This can be linked with Robert Putnam’s research as expressed in his book \textit{Bowling Alone}. He argues that the decline in social capital, that is, participation in joint activities and community-building initiatives, is weakening democracy and the health of societies.\textsuperscript{34} This is a clear example of social cohesion breaking down. As inequality grows, interests separate and trust levels fall, this, in turn results in fewer community groups, less support for the weak in society.

A survey completed in New Zealand for the study titled \textit{The Widening Gap: Perceptions of Poverty and Income Inequalities and Implications for Health and Social Outcomes}, collected data from 9 December 2004 to 24 March 2005 and found that 43% of respondents considered government assistance essential for


\textsuperscript{31} Wilkinson and Pickett, p. 20.

\textsuperscript{32} Rudyard Griffiths, \textit{Should we Tax the rich more –Krugman and Papandreou vs. Gingrich and Laffer–Munk debate on economic inequality} (USA: Aurea Foundation, 2013), p. 45.

\textsuperscript{33} Wilkinson and Pickett, p. 19.

people who were poor, and 80% believed this to be the government’s central problem. An article by Paul Barber, *How to get Closer Together – Impacts on Income Inequality and Policy Responses*, showed New Zealand’s rankings compared to a number of countries in the study completed in *The Spirit Level*. High inequality has vast effects on poverty in New Zealand. We rank particularly high in levels of imprisonment, teenage births, infant mortality and mental illness. Linking this information to the graph provided above shows us that the higher income inequality is, the higher the social and health problems are in that given society. If New Zealand were to be ranked among the most equal countries, the results would likely be drastically different. If other OECD countries are any indication, New Zealand would have only half of the current inmates in prison, life expectancy would increase by one to three years, there would be 2500 fewer teenage pregnancies and many more reductions in undesirable data as well. Improvement in one social variable alone, education, would likely make a major difference. Rashbrook argues that early childhood education could save New Zealand $3-$17 per child because well educated children are less likely to incur health, crime and other costs as they get older.

On the other hand, there has been research conducted to the contrary that found income inequality did not significantly affect adult mortality, including a 2003 research report entitled ‘No association of income inequality with adult mortality within New Zealand: a multi-level study of 1.4 million 25-64 year olds’.

Charles Boix, a political theorist, predicts in his text *Democracy and Redistribution* that if the political capacity of the less wealthy rises, then the likelihood of revolution and civil war escalates. If the less wealthy subsequently win such a struggle, there is a high likelihood that they will establish a left-wing

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36 Carroll, Howden-Chapman and Perry, p. 7.
39 Rashbrooke, p.17.
dictatorship.\textsuperscript{41} As James Madison discussed in his 1787 editorial, \textit{The Federalist No. 10, The Utility of the Union as a Safeguard Against Domestic Faction and Insurrection (continued)}, factions were thought to threaten the Republic. He clarified the term faction as:

A number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by the same common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community.\textsuperscript{42}

Factions were regarded by Madison as groups that were created by income inequality. “The most common and durable source of factions has been the various and unequal distribution of property.”\textsuperscript{43}

Madison argued that there were two methods of preventing politics based on factions, the first of which was removing their causes. This is relevant to income inequality because, if incomes were more equal, the threat of hostile factions based on income inequality would, tautologically, be removed. Another way to fix the problem, he suggests, is to give each citizen the same opinions, the same passions and the same interests. Again this study presents strategies for equalising income in New Zealand but may prove difficult to implement. Income inequality has the ability to head in two directions: the creation of fractions of the less wealthy, or an oligarchy created by the wealthy. Income inequality is without a doubt, changing society, and faction are likely in our future.

Resolving the issues of income inequality is nevertheless widely thought to be one of the key requisites for the progress of a democratic government.\textsuperscript{44} Living standards are the most important requirements of such a change and these would be enhanced if everyone in society had the opportunity to participate with others in the community.\textsuperscript{45} This, in turn, implies enhanced democratic participation. Bühlmann lists the three fundamental principles of democracy as equality, freedom and control. Equality and democracy go hand in hand, however. And therefore, in order to have a healthy and successful democracy, the income

\textsuperscript{41}Charles Boix, \textit{Democracy and Redistribution} (United Kingdom, Cambridge University Press, 2003) p. 3.
\textsuperscript{42}James Madison, \textit{The Federalist No. 10 The Utility of the Union as a Safeguard Against Domestic Faction and Insurrection (continued)} (New York: Daily Advertiser, 1787) p. 1.
\textsuperscript{43}Madison, p. 2.
\textsuperscript{44}New Zealand Treasury ‘Improving the living standards of New Zealanders: Moving from a Framework to Implementation’ (conference paper, n,p, n.pub. June 2012) p. 16.
\textsuperscript{45}Treasury p. 16.
gaps between classes would seem to require addressing, to create a more equal ‘playing field’. As it stands, however, this gap only promises to widen. The direction in which New Zealand is currently heading is widening the gap. Piketty offers a possible answer: he argues that there must be a global system of regressive wealth taxes. This means taxing the assets wealthy people rather than incomes. This would include everything from land and houses to patents to art and yachts. He proposes that a progressive annual global wealth tax of up to 2% and a progressive income tax reaching as high as 80% would help to reduce inequality and avoid the vast majority coming under the control of a minority or, to look into the near future, avoid the threat of oligarchy. The government needs to correct the current capitalist market, he argues, and to promote the general scholarship on inequality. Piketty thus concludes that unless capitalism is reformed, the democratic order for which we strive will be threatened.

Democracy, in a sense, is thought to encourage the “equalising effect”. The economic structure of society is encouraged by using strategies of income redistribution. Welfare states can allow for a ‘pro-poor policy’, which can be based on and associated with redistribution.\textsuperscript{46} Redistribution, it is argued, is the key to income equality. The bulk of wealth can only be spread across the country evenly with some form of redistribution. Revisiting the survey mentioned above, ‘The Widening Gap: Perceptions of Poverty and Income Inequalities and Implications for Health and Social Outcomes’ it was found that there has been a willingness among New Zealanders to pay higher taxes in the interests of maintaining some degree of equality. 82% of respondents said that they would pay higher taxes for better health services, 75% for a higher standard of care for the elderly, and 75% said yes to higher standards for those with disabilities.\textsuperscript{47} Within this survey, 55% of participants believed that there should be greater income equality.\textsuperscript{48} Ben W. Ansell and David J. Samuels put this into perspective, noting that

the median voter under majority rule earn less than average income. Because everyone with below average income should want to raise taxes on everyone with above-average income, democracy should always produce pressure for redistribution - and such pressure should

\textsuperscript{46}Acemoglu, Naidu, Restrepo, and Robinson, p. 2.
\textsuperscript{47}Carroll, Howden-Chapman and Perry, p. 7.
\textsuperscript{48}Carroll, Howden-Chapman and Perry, p. 7.
increase with inequality, because as the rich get richer the poorer median voter would gain more by continuing to raise taxes.\textsuperscript{49}

The willingness of New Zealand citizens to pay higher taxes in order to achieve a higher standard of living suggests a desire for redistribution. The participants in the survey apparently do not identify themselves with the wealthy, or, at least, feel comfortable in supporting higher taxes.

Meltzer and Richard’s seminal paper, \textit{A Rational Theory of the Size of Government?} emphasised the point that the more democratic a society is, the more redistribution there should be.\textsuperscript{50} As Aristotle argued, “in democracy the poor will have more power than the rich, because there are more of them, and the will of the majority is supreme.”\textsuperscript{51} An alternative view, in contemporary societies, is that the wealthy hold greater power because of their capacity to influence politics, and, thus redistribution is ultimately dependent on the wealthy in contemporary democracies. As long as the wealthy push for policies that do not encourage redistribution, democratic systems will remain under the control of the wealthy. Although there are greater numbers of less wealthy than wealthy people, this majority lacks power, and hence control and influence over policies. Frankly put, the less wealthy have very little weight in modern day democracies, and therefore structural inequality necessarily gains momentum and has the potential to increase socio-political instability. This in turn increasingly leads to political pressure for income redistribution, and generates support for populist policies, or at least policies that promise sweeping, if often impossible, solutions.

Given this understanding of redistribution as a key factor, is an important to note the personal and lower scale implications that redistribution can have on society—and particularly those less than wealthy. Myths circulate in most societies, and certainly in New Zealand, regarding the nature of wealth, and the means by which individuals acquire it. One of these is that the wealthy have \textit{earned their way to the top}. Thomas Piketty argues that this is generally not the case: individual wealth typically and generally depends upon parental income. Piketty gives the example of a student who cannot get a job versus the student


with wealthy parents who can afford for their child to attend graduate school. Since 1980, the top 1% of the highest earners in the USA received 20% of all the wealth. More specifically, in 2009-2010, the top 1% of US income earners had 93% of income growth. This trend, where wealth is concentrating rapidly, is by no means limited to the United States. In January, 2017, Oxfam released data demonstrating that the eight wealthiest individuals in the world now control the same resources as the poorest half of the world’s population (3.6 billion), down from 9 wealthiest individuals last year, that is less than one percent of the world’s population now have the same resources as the other 99 percent, and that one in ten people in the world survive on less than US$2 per day. Furthermore, the two wealthiest New Zealanders, according to the same Oxfam report, have the same resources as the bottom 20 percent.\(^{52}\) It is clear that the wealthy can accumulate wealth quickly without restraints, and that this process is increasingly unrestrained.

Stiglitz’ *The Price of Inequality* discusses the “trickledown economics” myth that was originally introduced by Ronald Reagan. He suggests that if redistribution was actually working without the aid of government regulation, we would not be seeing this unprecedented rise in income inequality.\(^{53}\) As Stiglitz noted in a recent address in Columbia, most Americans, indeed, most people in the world, are worse off than they were a decade and a half ago.

Given the origin of the trickledown myth in the United States, it is not surprising that trickledown economics has hit the headlines in a country that has identified closely with, and struggled against, trends in US politics over the past four decades, New Zealand. As evident in the 2011 New Zealand elections, the Labour Party created a video entitled ‘Trickledown economics: the rich pissing on the poor’. However, it is interesting that the lower economic classes do not appear to be voting in favour of higher redistribution in New Zealand, a pattern that is counterintuitive, and certainly contrary to the immediate needs of these voters. Why is this the case? Ansell and Samuels have similarly queried this unexpected pattern in other systems, and provided the following suggestions:


o the market system is fair and the wealthy should be respected, not envied;
o structural constraints either do not exist or do not shape one’s life chances;
o people generally get what they deserve in life and shouldn’t ask for a handout;
o expropriating the rich might have unintended and undesirable consequences; or
o even though they are less wealthy in the present, they might be wealthy in the future.54

The Meltzer-Richard model, which argues that the more democratic a society is the more redistribution will be demanded, appears to disagree with the above rationale. In particular, Ansell and Samuel’s model suggests that democracy develops because of high-income inequality, and that redistribution may follow but is not necessary, or at least not in large amounts, and may not even be a priority for the majority. The above list explains why it is that the less wealthy may not expect or even want higher levels of redistribution. This logic seems odd: one would think that the struggles emanating from poverty would motivate those individuals to do whatever they could to gain a higher income. It is a lack of resources paired with a lack of political participation that obstructs change.

Without a current call for redistribution by the majority, democracy advantageously positions the wealthy. George Papandreou expresses this same view, noting that “We have created an uber class, a super-class, that is beyond democratic control of our nations.”55 Susan St John acknowledges the situation New Zealand faces, as noted by her comment:

54 Ansell and Samuels, p. 7.
55 Griffiths, p. 45.
Unless we are happy to wait for the inevitable revolution, New Zealand needs to stop looking to American solutions of expanding private charity to solve inequality. What is needed are deliberately generous, redistributive programmes in income, housing, health and education.  

Substantial changes, as noted above, need to be made. In this sense democracy is a flawed form of government. The wealthy are rewarded, and the less wealthy are disillusioned, believing their own political advantage is exclusively through democratic means. In order for redistribution to occur, the government must intervene. Instead of focusing on wealth and the ‘trickle down effect’, everyone must have the ability to swim with the economic tides. If redistribution were a viable democratic method, income inequality would not be as prolific as it currently is. In order for New Zealand to have successful redistribution, personal income, principally wages and capital income, must be taxed along with government benefits. For personal income taxes, New Zealand currently has rates of 33% taxed from $70,000, 30% from $48,001 to $70,000, 17.5% from $14,001 to $48,000 and 10.5% from $0 to $14,000. With company tax at a maximum of 28%.  

Nevertheless, New Zealand retains significant vestiges of a welfare state, and as such, has many economic benefits in place for social needs. OECD economist Federico Cingano argued that “redistribution polities via taxes and transfers are a key tool to ensure the benefits of growth are more broadly distributed.” As mentioned in the survey, many New Zealanders are in favour of a more equal state; however the raising of taxes evokes a very negative response from the public. A year ago, the Labour party proposed a higher tax bracket for those earning $150,000 and above to 36%. An opinion poll showed that 60.3% of

the public were opposed.\textsuperscript{60} Although this was an unscientific poll, it probably reflected a wider view that money will move offshore if income taxes are increased.\textsuperscript{61} Action apparently should be taken, but it is a very difficult balancing act between social groups in order to please both the wealthy and the less wealthy.

It is evident that the wealthy are more likely to have direct contact with public officials, and more likely to contribute time and money to political campaigns. This contributes to the inevitability that democracy evolves into plutocracy. A plutocracy gradually evolves from a democracy as the wealthy use their resources to influence politics, examples include, political campaign donations, media advertising, etc. Chrystia Freeland’s book, \textit{Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else}, observes that the trend towards plutocracy occurs because the wealthy feel that all their interests are shared by society, and do not see the difference between their views and those of the poor.\textsuperscript{62} Stiglitz’ \textit{Vanity Fair} article, entitled ‘Of the 1%, by the 1%, for the 1%’, explains that the USA is ruled by the 1% of the wealthiest individuals. The USA is considered the leader in this area, and it is a kind of leadership, given recent political events, that most of us would argue should be avoided. As Thomas Piketty discusses in \textit{Capital in the Twenty-First Century}, “the risk of a drift towards oligarchy is real and gives little reason to be optimistic about where the United States is headed”.\textsuperscript{63} This is because we are seeing a trend where mostly the wealthy are voting, and this trend is influencing democracy, allowing the wealthy to hold a majority of the power, which is invariably undemocratic and contrary to the values of equality. The significant weight in favour of the wealthy within a democratic framework puts democracy at risk of developing into an oligarchy.

The above studies serve to illustrate that income inequality is indeed problematic, not just at a national level, but the international level as well.

\textsuperscript{60}Hamish Rutherford, ‘Labour plans higher tax bracket’, \textit{Stuff}, 25 June 2014, <http://www.stuff.co.nz/business/industries/10198061/Labour-plans-higher-tax-bracket> [accessed 4 February 2017]. This opinion poll was on the internet and furthermore on a news website (Stuff). It is likely that only those with access to the internet were able to cast a vote. There are two sides to this, however: if the rich are taxed more then there will be more money for social welfare investment. Or alternatively, as PM John Key suggested, the high taxes would encourage the rich to place their money in companies or move overseas.


\textsuperscript{63}Piketty p. 514.
Government intervention in the form of a substantial tax on the wealthy is required if we hope to remedy the problem of income inequality. Drawing on a range of scholarship, the following section surveys New Zealand’s political legacy leading up to its current climate as it regards income inequality. It discusses social changes that have been peculiar to New Zealand, and where the country currently sits on the income inequality ladder. These studies are supported by New Zealand’s current statistics and recent social effects as reported in the media.

**A Brief History of New Zealand**

New Zealand’s historic political/social development is, in many respects, unique. New Zealand was able to make strong claims to being a classless society, at least up until the 1970’s. The seminal work in this regard is Leslie Lipson’s *The Politics of Equality; New Zealand’s Adventures in Democracy*. Kevin Sinclair, a New Zealand historical writer, describes New Zealand’s classless society in his book, *A History of New Zealand*, observing that “[New Zealand] must be more nearly classless… than any advanced society in the world”.

The reason for this was that wealth was only allowed to be accumulated on a relatively small scale. English immigrants had arrived in this ‘new country’ without large disparities between them: they were of similar working class backgrounds with similar economic standing, and the transition to farming that many of them experienced did not change their status significantly. Class was no longer a significant variable in their lives, or, if it was, only served to threaten their new found freedom.

New Zealanders had access to a wide range of foods, notably meat, could own their own homes, and had ‘spare’ money. As Daniel Ziblatt argued, using Boix’s argument in *Does Landholding Inequality Block Democratization? A test of the ‘Bread and Democracy Thesis and the case of Prussia’*, the more small scale existing farms dominate the economic foundation of a society, the more likely democracy is to work:

> the percentage of total landholdings constituted by “family farms” (a proxy for rural inequality) shapes the likelihood of democratic transition:

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if a greater share of a nation’s agricultural land is owned as small family farms, democratic transitions are more likely.\(^{65}\)

Ziblatt also noted in this text that “democracy proceeded unfettered where small- and medium-scale agriculture was dominant”.\(^{66}\) New Zealand at this point was exactly that: a country where farming occurred on a small family scale and this in turn created an income structure that was relatively equal. Statistics from the 1970s illustrate this point: In 1976 unemployment was below 1%;\(^{67}\) from 1972-1983 employment income held over 59% of the total household income.\(^{68}\) Lack of education also had a strong influence over society particularly in 1971 where 69% of adults over the age of 15 having no educational qualifications.\(^{69}\) With a majority of individuals not having an education, the skill level was relatively equal, which arguably led to equal jobs and equal pay.

Unions were established for workers, and the welfare state emerged which further strengthened equality. As William Ball Sutch noted in 1966:

> Living standards rose in the post-war years through a combination of good prices for exports, borrowing abroad, and the much greater use of internal resources made possible by full production. And as the New Zealand wage structure, taxation system, social security benefits and family farmers combined to make the basic family income fairly high, a higher proportion of people in New Zealand shared the increased amount of goods and services than would have been the case in any other country. This is why most New Zealand families have good housing and extensive durable goods, including a motor-car.\(^{70}\)

New Zealanders were living a comfortable life style. However, this started to change as economic dynamics shifted. In 1973, Britain had gained full membership into the European Economic Community, and as a consequence of this, New Zealand’s exports to Britain dropped from 65% to 26.8% within a short

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\(^{66}\) Ziblatt p. 615.


\(^{68}\) Statistics New Zealand, p. 16.

\(^{69}\) Statistics New Zealand, p. 18.

time.  With the dairy and meat industry losing its primary export market, the existing economy collapsed.

During the 1980s, economic reforms became necessary. The fourth Labour government was elected in 1984, and Roger Douglas was elected as the Minister of Finance from 1984-1988. He somewhat unexpectedly enacted a series of neo-liberal reforms, privatisations and dismantling of much of the welfare state, that came to be known Rogernomics, and involved such significant economic changes as:

- making the Reserve Bank independent of political decisions; performance contracts for senior civil servants; public sector finance reform based on accrual accounting; tax neutrality; subsidy-free agriculture; and industry-neutral competition regulation. The exchange rate was floated; and controls on interest rates, wages, and prices were removed; and personal rates of taxation were reduced.

The repercussions from these reforms weakened the unions, increased the prices of state housing, lowered the personal rates of taxation for the top income group from 66% to 33%, and significantly cut benefits by 1991. The introduction of taxation of goods and services (the GST), set initially at 10%, had detrimental effects on the poor. With a weaker labour market, unemployment became a problem between 1988 to 1993, and during this period the unemployment rates rose from 3.6% to 11%. With cuts in benefits and a sudden growth in unemployment, the gap between the wealthy and the less wealthy increased dramatically. From the late 1990’s, the bottom quintile lagged significantly, there was no entitlement to the working-for-families tax credit, and many beneficiaries were unable to take advantage of any of the limited employment

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72 World Heritage Encyclopedia, ‘Economy of New Zealand’.
74 Easton p. 40.
76 Easton, p.38.
77 Statistics New Zealand, p.1. Statistics New Zealand published Incomes, a report tracing changes in the distribution of New Zealanders’ incomes from 1982 to 1996, one of the most eventful periods in our economic history. It found that the gap between high and low income households had grown significantly and that this increase in income inequality occurred at both personal and household levels.
opportunities.\textsuperscript{78} A further disparity between beneficiaries and workers developed as wages rose, but not at the level that the employed members of society were experiencing.

New Zealand’s economy was struggling and this inevitably effected the standard of living. With the standard of living declining, social issues began to rise. The youth suicide rates rose to the highest level in the developed world, and the number of New Zealander’s estimated to be living in poverty grew by at least 35% between 1989 and 1992. During the same time, the average economy for OECD nations grew by 28.2%. The economy of New Zealand grew by only 4.7%.\textsuperscript{79} The standard of living in New Zealand, which in 1953 had been the third highest in the world, had dropped to 22\textsuperscript{nd} place by 1978.\textsuperscript{80} Graph 1 explains demonstrates that income inequality grew rapidly for New Zealand after the 1970’s, while it tended to level off in other OECD countries.\textsuperscript{81} It was in the 1980’s that New Zealand started to see a societal change and an extreme one at that.

\textsuperscript{78} Easton p. 40.
\textsuperscript{79}World Heritage Encyclopedia, ‘Economy of New Zealand’.
\textsuperscript{80}World Heritage Encyclopedia, ‘Economy of New Zealand’.
Figure 1: Growth in New Zealand Income Inequality, Relative to other Countries, 1970s – 1990s. Equivalent Disposable Household Income


It has been argued that under Labour, “the elective dictatorship was used to pursue the economic policies favoured by the wealthy and influential…rather than the average voter.”\(^{82}\) The effects of these economic changes are seen in the inequality income measurement of the Gini Index. New Zealand was likely to be about 20\(^{th}\) out of 34 countries during the mid-1980’s, twenty-five years later it was 9\(^{th}\).\(^{83}\)

The voting system in place was First Past the Post (FPP) from 1914 to 1993. The elections under this form of voting are decided by the number of electorates each party wins during the election. Such an election is not judged on the total number of votes received across the country. Competitiveness in an FPP voting system is limited to the larger parties. FPP has been used for decades by other larger countries such as the United States, the United Kingdom, India and Canada. New Zealand’s historical voting system, FPP, was working satisfactorily until the decline of voter turnout as a result of income inequality began. This chapter explores a principle which is fundamental to all later claims: income inequality has significant and lasting effects on democracy.

With income rates dropping dramatically and the struggle to make ends meet within this new economic context, New Zealander’s were looking for a change. It was believed that the ‘Rogernomics revolution’—which began under


\(^{83}\) Easton p. 44.
Labour and was continued by National—was only possible because of an ‘elective dictatorship’ that FPP provided. As strongly worded by Mulgan in 1992:

the radical reforms of the last eight years were made by politicians who had little or no mandate for them and rammed them through the system with all the resources of the elective dictatorship.

Under this framework, politicians had the power to change policies despite the widespread dissatisfaction of the general electorate. Citizens’ confidence in New Zealand’s political voting system was challenged. This was seen in the rapid change in attitudes towards FPP. The nation was in a period of extreme struggle, and this produced disillusionment and disengagement in voters. This disengagement led to a period of low voter turnout. This in turn led to questions regarding the functionality of FFP. In 1979, 54% of people favoured the FPP system; by 1982 this number had dropped to 40%. With the economic and social changes, it is understandable that the citizens of New Zealand had experienced growing political frustration. Background historical data bear this out. Of the previous seven elections before 1993, at least four of them were ‘landsides’, arguably expressing a degree of instability and doubt as to the validity of FPP. A failing economy appears to have been behind this apparent breakdown in public trust and confidence. The declining trust in government is said to be the product of declining economic performance, declining social cohesion, government inefficiency, and growing cynicism.

The Royal Commission recommended in 1986 that the voting system be changed, writing in its report that:

[the New Zealand] Constitution places almost no limits on the powers of governments to carry out their large responsibilities. Parliament has

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84 Mulgan, p. 145.
85 Mulgan, p. 146.
88 Geoffrey Palmer stated “Such a situation has a tendency to produce instability and quite violent lurches in policy...”. ‘New Zealand’s Electoral System Must be Changed’, Sunday Star, 4 November 1990.
89 Morris, Boston, Butler, p. 203.
90 Barnes and Gill, p. 5.
supreme law-making powers…there are no general legal restrictions, such as might be found in a Bill of Rights.\textsuperscript{91}

As noted by Sir Geoffrey Palmer, “the only factors which will force change will be pressure of public opinion.”\textsuperscript{92} There was the call for a referendum which took place in 1992; the first referendum asked ‘Should New Zealand keep the First Past the Post (FFP) voting? Over 84.7% voted to change to another voting system.\textsuperscript{93}

The second referendum asked ‘if New Zealand were to change to another voting system, which voting system would you chose?’ Voters were asked to support one of four options: mixed member proportional representation (MMP), the single transferable vote (STV), supplementary member (SM), or preferential vote (PV), 70.5% favoured MMP.\textsuperscript{94}

This brief overview of political developments attempts to underscore that, during the 1970’s to 1980’s, New Zealand went through significant changes to income levels, and that these changes caused instability throughout the country. Citizens were apparently dissatisfied with changes in the standard of living, and as a result, searched for change. The voting system proved to be the forum in which this change was realised. The change from FPP to MMP is an important element of H\textsubscript{2} in New Zealand, as is employment. From the studies mentioned above, the economic reforms and the effects this had on New Zealand’s lower economic classes ultimately determined the rate and form of change in the voting system. New Zealand’s history displays a strong link between income inequality, employment and voting patterns. These patterns in New Zealand history are indications that income inequality is likely to have a negative effect on democratic political practices.

\textbf{New Zealand’s Current Standing}

New Zealand’s income inequality has been steadily increasing. From the 1980s it was estimated that New Zealand was likely to be 20\textsuperscript{th} out of 34 countries in

\textsuperscript{91} Morris, Boston, Butler, pp. 201-202.

\textsuperscript{92} Palmer, p. 1.


\textsuperscript{94} Roberts, (para. 1 of 2).
economic inequality. 25 years later New Zealand is at number 9 out of the 34 countries.\textsuperscript{95} The data produced by the Organisation for Economic Co-operation and Development (OECD) offers an insight into New Zealand’s level of income inequality on a global scale. OECD for income inequality is measured from 0-, equal society, to 100, inequality. In 2012, New Zealand ranked at 33, with the overall average sitting at 31. New Zealand has had “the largest increase in income inequality of all the OECD countries since the mid-1980’s whereas Australia’s income inequality appears to be reduced slightly over the last decade”.\textsuperscript{96} Figure 2 below illustrates the continued growth of income inequality in New Zealand from 1988 to 2014.

\textbf{Figure 2: Income inequality in New Zealand: the P80:P20 ratio, 1982 to 2015, total population}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{income_inequality.png}
\caption{Income inequality in New Zealand: the P80:P20 ratio, 1982 to 2015, total population}
\end{figure}

Note: BHC – before household costs, AHC – after household costs.

Income Inequality in New Zealand is clarified in \textit{Inequality: A New Zealand Crisis}, by Max Rashbrooke, which outlines the seriousness of this issue. Income inequality in New Zealand harms the health of our society, undermining the foundational principle that every human being is equal. Income inequality stops

\textsuperscript{95} Gunasekara, Carter and Mckenzie, p. 211.
\textsuperscript{96} Gunasekara, Carter and Mckenzie, p. 211.
“people’s ability to participate fully in their society and enjoy a sense of belonging”. Income inequality, moreover, is intensifying. In January, 2017, Oxfam International reported that the two wealthiest New Zealanders had the same wealth as the bottom 30 percent of the New Zealand population. If we look closer at New Zealand’s income ranges, we see that in the top 20% of earners, 84% of that group voted. Among the bottom 20% of wage earners, only 77% voted. Differential political participation is thought to be undemocratic; it does not wholly encapsulate the voices of all citizens. As Robert Dahl put it in 1971 “a key characteristic of a democracy is the continued responsiveness of the government to the preferences of its citizens, considered as political equals”.

The following tables indicate where a family sits as regards a society depending on their income and the makeup of their household. Using the annual unequivalised disposable income levels Before Housing Costs (BHC) of different household types.

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97 Rashbrooke, p. 10.
99 OECD, ‘New Zealand’.
100 Bartels, p. 1.
Table 1: Where does your household fit in the Overall Household Income Distribution (BHC)?

<table>
<thead>
<tr>
<th>Equivalised income decile</th>
<th>Ordinary dollars (i.e., not equivalised)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One person, no children (reference HH)</td>
</tr>
<tr>
<td>Bottom decile</td>
<td>&lt; $17,400</td>
</tr>
<tr>
<td>Decile 2</td>
<td>17,400 - 20,900</td>
</tr>
<tr>
<td>Decile 3</td>
<td>20,900 - 25,500</td>
</tr>
<tr>
<td>Decile 4</td>
<td>25,500 - 29,400</td>
</tr>
<tr>
<td>Decile 5</td>
<td>29,400 - 33,500</td>
</tr>
<tr>
<td>Decile 6</td>
<td>33,500 - 40,800</td>
</tr>
<tr>
<td>Decile 7</td>
<td>40,800 - 47,700</td>
</tr>
<tr>
<td>Decile 8</td>
<td>47,700 - 54,900</td>
</tr>
<tr>
<td>Decile 9</td>
<td>54,900 - 70,100</td>
</tr>
<tr>
<td>Top decile</td>
<td>&gt; $70,100</td>
</tr>
</tbody>
</table>

Table 2: Where does your household fit in the Overall Household Income Distribution (BHC)?

<table>
<thead>
<tr>
<th>Equivalised income decile</th>
<th>Ordinary dollars (i.e., not equivalised)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Couple or 2 adults sharing</td>
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<tr>
<td></td>
<td>Couple, one child</td>
</tr>
<tr>
<td></td>
<td>Couple, two children</td>
</tr>
<tr>
<td></td>
<td>Couple, three children</td>
</tr>
<tr>
<td></td>
<td>Couple, four children</td>
</tr>
<tr>
<td></td>
<td>Three adults, one child</td>
</tr>
<tr>
<td>Bottom decile</td>
<td>&lt; $26,800</td>
</tr>
<tr>
<td></td>
<td>&lt; $32,400</td>
</tr>
<tr>
<td></td>
<td>&lt; $37,800</td>
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<tr>
<td></td>
<td>&lt;$ 42,300</td>
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<tr>
<td></td>
<td>&lt;$ 46,900</td>
</tr>
<tr>
<td></td>
<td>&lt; $39,400</td>
</tr>
<tr>
<td>Decile 2</td>
<td>26,800 - 32,200</td>
</tr>
<tr>
<td></td>
<td>32,400 - 38,900</td>
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<tr>
<td></td>
<td>37,800 - 45,400</td>
</tr>
<tr>
<td></td>
<td>42,300 - 50,800</td>
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<tr>
<td></td>
<td>46,900 - 56,200</td>
</tr>
<tr>
<td></td>
<td>39,400 - 47,300</td>
</tr>
<tr>
<td>Decile 3</td>
<td>32,200 - 39,200</td>
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<td>38,900 - 47,400</td>
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<td>45,400 - 55,300</td>
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<td>56,200 - 68,600</td>
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<td>47,300 - 57,600</td>
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<td>Decile 4</td>
<td>39,200 - 45,300</td>
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<td>47,400 - 54,700</td>
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<td>55,300 - 63,900</td>
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<td>61,900 - 71,500</td>
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<td>68,600 - 79,200</td>
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<td>57,600 - 66,500</td>
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<td>Decile 5</td>
<td>45,300 - 51,600</td>
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<td>54,700 - 62,300</td>
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<td>63,900 - 72,700</td>
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<td>71,500 - 81,400</td>
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<td>79,200 - 90,100</td>
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<td>66,500 - 75,700</td>
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<td>Decile 6</td>
<td>51,600 - 62,900</td>
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<td></td>
<td>62,300 - 75,900</td>
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<td>72,700 - 88,600</td>
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<td>81,400 - 99,200</td>
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<td>90,100 - 109,800</td>
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<td>75,700 - 92,200</td>
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<td>Decile 7</td>
<td>62,900 - 73,400</td>
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<td></td>
<td>75,900 - 88,700</td>
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<td>88,600 - 103,400</td>
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<td>99,200 - 115,800</td>
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<td>109,800 - 128,200</td>
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<td>92,200 - 107,200</td>
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<td>Decile 8</td>
<td>73,400 - 84,600</td>
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<td>88,700 - 102,100</td>
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<td>103,400 - 119,100</td>
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<td>115,800 - 133,400</td>
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<td>128,200 - 147,700</td>
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<td>107,700 - 124,100</td>
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<td>Decile 9</td>
<td>84,600 - 107,900</td>
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<td>102,100 - 130,300</td>
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<td>119,100 - 152,100</td>
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<td>133,400 - 170,300</td>
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<td>147,700 - 188,500</td>
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<td>124,100 - 158,400</td>
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<td>Top decile</td>
<td>&gt; $107,900</td>
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<td></td>
<td>&gt; $130,300</td>
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<td>&gt; $188,500</td>
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<td>&gt; $158,400</td>
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Note: use disposable household income when using this table – that is, household income from all sources after paying personal income tax and after receiving all tax credits (from Working for Families) and other state transfers (eg., New Zealand’s, AS, main benefits).

Taking this information further, when the population is ranked based on household income, the Social Report divides the incomes into five groups, each group comprising 20% of the population. Q1 is the lowest 20%, or quintile, and Q5 the highest 20%. The higher the number in the group, the more people in that group. These quintiles play an important role in measuring income inequality. As I will come to explain later, I use the P80/20 ratio to measure $H_{II}$, which places the districts incomes in quintiles. The following table, Table 3, is the composition how much of the shared income a decline has. The top decline, 10, has over 25.6% of all income in New Zealand.

**Figure 3: Shares of Total Income by Deciles: HES 2013**

![Graph showing shares of total income by deciles](image)


The table below indicates a trend wherein higher earners experience increase of wealth at a rate higher/faster than those in lower income brackets.
Table 3: Real Equivalised Household Incomes (BHC): Decile Boundaries
(2014, NZ dollars)

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<td>P90</td>
<td>50,200</td>
<td>48,000</td>
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<td>57,800</td>
<td>60,700</td>
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<td>P80</td>
<td>42,200</td>
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<td>42,800</td>
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<td>P70</td>
<td>36,600</td>
<td>33,200</td>
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<td>P60</td>
<td>32,000</td>
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<td>35,300</td>
<td>36,000</td>
<td>38,900</td>
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<td>P50</td>
<td>27,900</td>
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<td>P30</td>
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<td>P10</td>
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If we look at Table 3, the 1982 income for group P1 was $15,400, whereas in 2013, income reached $17,700. This documents that an income difference of $2,300 was gained over a 32 year period. If we then compare this with the statistics from P90, we see that in 1982 income was $50,200. From 1982 to 2014, this income reached $75,400; a gain of $25,200. The differences between the wealthy and the less wealthy in equalised household incomes are changing at a fast pace. Note that the most increased dispersion period between incomes occurred from the late 1980’s to the mid-1990’s. It is within this period that the New Zealand voting system changed from FPP to MMP and we saw the taxation and social reforms that took place.
Conclusion

This chapter has shown examples of how income inequality can grow within a society. Theorists such as John Rawls and Thomas Hobbes recognise that equal opportunity should be given to all but humans have a desire for power. This restless desire for paired with the importance society places on capitalism produces behaviours such as rent-seeking and using credit instead of saving. With the elite few be able to work the current economy in their favour, income inequality starts to grow.

This chapter closely analysed the health repercussions income inequality has on society in New Zealand, noting that New Zealand has high rates of imprisonment, teenage births, infant mortality and mental illness. It displayed that redistribution is not a straightforward solution as commonly thought. New Zealand, having a more peculiar history with income inequality than most countries, went through economic reforms and a change in the voting system. Has once being described as the most equal societies, over a period of forty years more or less, has become one of the fastest countries in the world for growth in income inequality. Table 4 displayed the growth of income deciles over thirty-two years with the bottom deciles income having a $2,300 climb and the top decile having a $25,200 income Climb. The three principles of democracy. As Bühlmann stated are; equality, freedom and control. From New Zealand’s rapid changes to income groups and the growth in income inequality, New Zealand is far from a state that can promote equality as an element of its democracy.
Chapter Two: Employment and Voter Turnout

This chapter examines the causal link between employment and voter turnout. It attempts to understand what effects employment rates have on voter turnout by analysing NZ’s employment trends and current rates. The study measures employment as a variable and contrasts it with levels of voter turnout, specifically, whether they are increasing or decreasing as a result of employment or, inversely, how unemployment might function as a determining variable of voter turnout. The following study attempts to understand how this relationship functions, or whether employment determines voter turnout at all.

Employment as a Variable

New Zealand’s unemployment rates peaked between 1990 and 1993, reaching 10.7% in 1992. The lowest rates occurred in 2007 at 3.7%. As indicated on the graph below, the flow-on effects of New Zealand’s economic reforms had an impact on society generally. Unemployment is a key measure for how successfully a labour market is performing and is a reflection on current economic conditions. The districts that have been the focus of this study have experienced unemployment hovering around the 3-5% mark. New Zealand has one of the lowest rates of unemployment among the developed countries. In 2014, New Zealand’s employment rate was 5th highest in 34 OECD countries, higher than the average. Below is a graph displaying the unemployment trends from 1986 to 2014.

Employment and Increasing Voter Turnout

Many Americans have given up on this president but they haven’t ever thought about giving up. Not on themselves. Not on each other. And not on America. What is needed in our country today is not complicated or profound. It doesn’t take a special government commission to tell us what America needs. What America needs is jobs. Lots of jobs.

The above quote, by US presidential candidate Mitt Romney, underscores the importance of employment as an election topic. The creation of jobs is a topic that is bought up in nearly every election campaign.

Employment is thought to offer individuals resources, and psychological reinforcement. Political participation, which includes voting, is integrally tied to work, to gainful employment. It is principally through work that people interact with others and actively engage with society. Verba, Schlozman and Brady’s civic voluntarism model, which is described in more detail below, reinforces this argument. The daily practice of decision making and the personal efficacy an individual receives after making a decision at work has a positive effect on political participation, and is linked in numerous studies to increased voter

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106 Brady, Schlozman and Verba, p. 272.
Work provides individuals with the knowledge and skills to make political choices. The workplace is typically a hierarchy, linking employment and income inequality, and the individual quickly becomes aware of the class structure and its very tangible and personal implications.

The workplace ultimately provides experiences which can motivate an individual politically. Schur gives an example in her text, *Employment and the Creation of an Active Citizenry*, where industrial accidents can cause the employees to call for higher safety standards and/or create disagreement with current laws. Such events can cause individuals to exercise their right to vote, in the hope for change. Another example of the workplace-as-political motivation is that of discrimination. This is, unfortunately, a common experience in many workplaces. If an employee suffers discrimination, or witnesses another individual suffering discrimination based on race, religion or sex, political motivation may occur, and can lead to active engagement in the form of voting.

An important feature of political motivation in the workplace is the presence of labour unions. Unions themselves are political bodies that mobilise groups to fight for what they believe is right; they advocate for people who typically do not have a voice. Offering resources for political participation such as information and skills, unions in the workplace have historically been able to mobilise lower income and working class groups. There has been a vast amount of scholarship from Delaney, Masters and Schwochau, as well as Radcliff and Sousa, indicating that union members vote at higher levels than do non-union workers.

Key aspects of the civic voluntarism model are money and civic skills. Civic skills such as belonging to a group create the basis for sharing ideological

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108 Schur, p. 754.
110 Leighley and Nagler, p. 4
ties which may otherwise not happen if an individual is unemployed. If unemployed individuals engage with a group, this group is likely to be comprised of largely unemployed individuals as well, and is therefore likely to be similarly limited as regards its political vision and understanding.\textsuperscript{114} Verba, Nie and Kim are in effect arguing that institutions ultimately facilitate participation.\textsuperscript{115} Later work on this model from Verba, Schlozman and Brady suggest that the workplace provides skills and networks that facilitate political engagement, and that this leads to greater and more effective participation.\textsuperscript{116}

There are additional factors that enhance the political impact of the workplace. It is an area, for example, where an individual is exposed to political information and opportunities for political mobilisation. If an individual is a member of a union, there is a higher chance that this individual will choose to vote, and to vote in a consistent and tactical pattern. Employment, in this sense, encourages an active citizenry. It can be argued that democracy depends on just this sort of engagement. At the very least, democracy depends on active citizens at various levels of society.

**Employment and Decreasing Voter Turnout**

Contrary to the content provided above, employment may actually decrease voter turnout to some degree. A key aspect of political participation is the cost and time that it requires, for example standing in line at the polls, finding a park, etc. Because time can be a valuable resource, it has been contended that employment can act to decrease voter turnout. Charles and Stephen conducted research in the USA which found that, at a local level election, “increased labour market activity reduces voters; exposure to political information, increases their uncertainty about some elections, and lowers turnout in those elections”.\textsuperscript{117} This, however, was not found to be applicable for presidential elections or other elections with high media exposure. The explanation for this was that salaries

\textsuperscript{114} Incantalupo, p. 4.
\textsuperscript{116} Brady, Verba, and Schlozman, p. 273.
preferably are spent on other items rather than voting. The demands of employment create less leisure time and an average individual does not want to use his or her leisure time to research political information.\textsuperscript{118} When a high profile election occurs, however, that research is evident, if not always accurate, and the decision to vote, and for whom, or for what to vote, much easier (less expensive).

Time is an interesting factor in relation to employment and voter turnout; a person who is unemployed theoretically has greater time than an employed person. Studies relating to time and employment have shown both positive and negative influences on voter turnout. It has been argued that longer work hours are linked to lower levels of political participation for women, but not necessarily for men.\textsuperscript{119} This could be based on the greater demands of simultaneously working and managing a family. On the other hand, longer working hours have been associated with greater interest in politics and with greater civic engagement.

When someone has ‘adequate’ employment, individually defined,\textsuperscript{120} there may be little motivation to engage in political participation. This could be for a number of reasons: the individual’s level of work satisfaction, seeing no personal reason to seek government intervention, or a sense in a depressed economy that he or she is lucky to have a job. Such arguments could apply to high-income earners as well as those earning more modest incomes. It could be that the workplace is offering a stable or safe environment, and that any personal disagreements could be resolved at work, without resorting to the government, and hence the irrelevance of the vote. The employee, as noted above, may have a good work/life balance, with low-stress levels, and finds work enjoyable. In each of these cases, basic employee satisfaction may serve to attenuate the desire to vote.

Unemployment Increasing Voter Turnout

As noted above, it is likely that unemployment increases political participation. Burden and Wichowsky established in their research from the 1976-

\textsuperscript{118} Kerwin Kofi Charles and Melvin Stephens, p. 23.
\textsuperscript{120} This may be by salary, or by work-life balance, etc.
2008 elections in the USA that, at the state level at least, states with higher unemployment rates have had higher rates of voter turnout. Their research confirmed that the voting preferences of these unemployed were based on the candidates’ economic policies and proposals. Socio-economic reasons, then, have been primary motivational factors in voter turnout. If individual blame the government for their unemployment, they will tend to turn to the voting booth to express their frustration. Lipset outlined this causal relation:

> groups subject to economic pressures, such as inflation, depression, monopolistic exploitation, or structural changes in the economy, might also be expected to turn to government action [to seek a solution].

Economic hardship can produce a political readiness to vote in elections, and act as a strong motivator. Arceneaux, who studied the American presidential elections from 1990-1998 apparently agreed with Lipset’s points: he hypothesised that unemployment could increase voter turnout, but argued that this only happens when the unemployed blame the government for their hardship. Without blaming the government, the individual may just see their unemployment as a problem that they have created themselves, and will self-blame instead of blaming the government, which does not incentivise voting.

Incantalupo undertook a more focused study in comparing voter turnout of those who were unemployed before Election Day to those who were unemployed after Election Day. The results were inconclusive. From 1996 and 2000, job losses had a significant negative effect on voter turnout, but in 2008 and 2010, there were positive effects on voter turnout. He found that when there is a large group of people who are unemployed, the effect was more positive on voter turnout. Perhaps there is an analogue with many people in the same boat. They are likely to work towards resolving their predicament cooperatively.

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122 Burden and Wichowsky, p. 15.
Unemployment in a time of job shortage is a stressful and depressing condition for an individual. As mentioned above, emotions are thought to determine political choice and participation. Unemployment under these conditions is thought by many scholars, such as Feather and O’Brien,\textsuperscript{126} as well as Linn, Sandifer and Stein,\textsuperscript{127} to lead to depression, withdrawal from politics, and anger. Aytac, Rau and Stokes completed a study using the Current Population Study data, and found that the length of time that an individual is unemployed has an inverse impact on the likelihood of voting. Although unemployment has a negative effect on voter turnout, the longer the period of unemployment, the greater is the likelihood of voting.\textsuperscript{128} Unemployment can act as a political motivator—provided that the job loss or lack of jobs is blamed on the government. This blame will tend to rally groups of unemployed to vote.

**Unemployment and Decreased Voter Turnout**

As research has noted (above), unemployment can increase voter turnout, although, depending upon the circumstances, it can also decrease voter turnout. Steven J. Rosenstone, in ‘Economic Adversity and Voter Turnout’, found that the unemployed, the less wealthy, and the financially troubled are, in general, less likely to vote. He found that it wasn’t only the costs that are involved with voting, but that other life circumstances lowered voting as a personal priority.\textsuperscript{129} Rosenstone referred to a reference by Rainwater and Voyondoff, which noted that when an individual is unemployed, there tends to be a breakdown in relationships with co-workers, friends and spouses. These relationships are often key elements in the provision of political information.\textsuperscript{130} The less wealthy may be distracted with personal economic concerns and job seeking. According to Rosenstone, “when a person experiences economic adversity his scarce resources are spent on


\textsuperscript{127} M W Linn, R Sandifer and S Stein, ‘Effects of Unemployment on Mental and Physical Health’ 75 (1985), 502-506.


\textsuperscript{130} Rosenstone, pp. 25-46.
holding body and soul together – surviving – not on remote concerns like politics”. For the unemployed, survival may preclude lower priorities of a political nature.

The blame that is assigned for unemployment is an important determinant of whether a given individual decides to vote. Unemployment can bring with it a sense of embarrassment and, because of this, a reticence to voice an opinion regarding governmental policy. Unemployment easily becomes a very personal matter.

Sidney Verba and Norman Nie applied what they called the ‘Civic Voluntarism Model’, to attempt to explain some of the inconsistencies in voter turnout modelling. Their model was first used to describe political participation in the USA, but has also been used to explain political participation in Britain. This model focuses on three reasons why a person might not participate in politics: lack of resources; psychological engagement; and isolation from political networks (e.g., unemployment). These might be reduced in some respects to shortages of time, money, and civic skills.

A shortage of free time has been used in the past as an argument as to why the employed might be less disposed to vote, although Verba, Schlozman and Brady argue that this is a weak argument. Studies have demonstrated that even though an unemployed individual may have more time to watch television, for example, an unemployed American is less likely to watch the news or political events than an employed American.

Obstacles to voting, moreover, must be seen in the context of ‘opportunity costs’, as Rosenstone observes:

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132 Incantalupo, p. 8.
135 Verba, Schlozman, and Brady, p. 269.
136 Verba, Schlozman and Brady, p. 270.
When the return from attending to an immediate, stressful personal problem, such as unemployment, is greater than the return from participating in politics, the opportunity costs of participation are higher. The higher the opportunity costs, the lower the possibility the citizen will participate in politics.\textsuperscript{138}

Rosenstone and Hansen put Rosenstone’s earlier theory to the test and found that the unemployed are 2.7\% less likely to vote in presidential elections in the USA and 8.5\% are less likely to vote in the midterms.\textsuperscript{139} He argues that the reason for this is that the perceived payoffs appear more immediate in the national elections.\textsuperscript{140} When all of the potential factors, such as smaller social groups, embarrassment, and self-blame due to unemployment are combined, individual may tend not to vote. The stress of job seeking and financial pressures, at the very least, would seem to place voting at the lower end of their priorities.

**Employment Status Has Little Effect on Voter Turnout**

Employment may not have very much of an effect on voter turnout. As Kinder and Kiewiet put it “economic discounts and political judgements inhabit separate mental domains”.\textsuperscript{141} Kinder and Kiewiet completed a study using congressional elections in the USA from 1956 to 1976 which found that those who were unhappy with their financial situation or who were recently unemployed were unlikely to punish candidates for their personal grievances. Arcelus and Meltzer completed a study that examined turnout and partisan division congressional voting between 1896 and 1970. They found that the unemployment percentage had “little systematic effect on the participation rate”.\textsuperscript{142} Fiorina found in his study that “at a micro level there are no discernible relationships between economic conditions and voting turnout”.\textsuperscript{143} These studies directly disputed the contention that employment status has an effect on voter turnout. However, when

\begin{itemize}
  \item \textsuperscript{138} Rosenstone, p. 41.
  \item \textsuperscript{139} Steven J. Rosenstone and John Mark Hansen, *Mobilization, Participation and Democracy in America* (USA: Macmillan Publishing Company, 1993).
  \item \textsuperscript{140} Rosenstone and Hansen p. 135.
  \item \textsuperscript{142} Francisco Arcelus and Allan H. Meltzer, ‘The Effect of Aggregate Economic Variables on Congressional Elections’, *The American Political Science Review*, 69 (1975), 1232-1239 (p. 1237).
\end{itemize}
employment status is thought to be caused by the government, it is clear that turnout may, indeed, be affected.

Conclusion

This chapter has pointed to New Zealand’s currently low unemployment rates while attempting to disaggregate the impact of unemployment on voter turnout. Studies have repeatedly demonstrated that unemployment, even at low levels, can have an impact on voter turnout, particularly if the unemployed blame the government for their unemployed status. This factor, blame for unemployed status, seems to be the most important element in determining whether an individual chooses to vote. Hence, even relatively low unemployment rates, as exist in New Zealand, can cause lowered voter turnout in regions where the unemployed blame the government for their condition.
Chapter Three: Income Inequality and Voting Preferences

This chapter examines income inequality as a factor in the determination of voter preferences. It attempts to relate New Zealand’s three most popular political parties and their distinctive voting patterns with their current polices. The chapter then traces variables that may have an effect when voters choose a political party. It concludes with an examination of income inequality, and why it is that citizens apparently often choose to vote against their own material interests.

New Zealand Political Parties and Policies

New Zealand has a multi-party system, and hence several parties have the opportunity in any given election of achieving power, either as a dominant party or, more likely, in a coalition. Over the last four elections, three parties stand out: the National Party, the Labour Party, and the Green Party of Aotearoa. These parties have received by far the most votes. Over the next pages, I will investigate their origins, their policies, and their voters.

The Green Party of Aotearoa/New Zealand

This party was originally founded at Victoria University in May 1972 under the banner of the ‘Values Party’. In May 1990 the Green Party of Aotearoa New Zealand was formed from Values party and similar groups. The Party currently has 14 seats in parliament and is considered to be left-of-centre, perhaps further from centre than Labour.

The ‘Green’ Party is known in New Zealand as ‘a liberal party that focuses on environmental issues’. The vision of the party, as offered on their official website, includes the message that Aotearoa New Zealand is a place where people respect each other and the natural world. It is healthy, peaceful and richly diverse. The party places an emphasis on ecological living, fair trade, human rights, and peace.

On a recent mail-out entitled ‘Green News,’ the Party stated that “We’re committed to protecting the environment we love and providing a better life for all who live in our beautiful country” and “we see a future where all our families can go swimming in New Zealand’s rivers and lakes”.

The Green Party of Aotearoa has focused on several keystone policies as of July 2016. The first is that of ‘safer, cleaner freight.’ The goal of this policy is to reduce the number of trucks on New Zealand’s roads, and to replace the movement of New Zealand’s road freight with rail and sea. Bearing the slogan ‘we can make roads safer and the air cleaner,’ the second policy focuses on ‘homes not cars’, and focuses on the Green Party’s plan to build hundreds of state homes by allowing Housing New Zealand to retain its dividend and refund its tax, thereby freeing up $207 million to spend on building 450 new emergency homes. The third major policy posited by the Green Party begins with the view that ‘Kiwibank can get low rates for all of us.’ To achieve this, the Green Party proposes to inject a further $100 million of capital into Kiwibank to facilitate its expansion into commercial banking, thus allowing Kiwibank to keep more of its profits, accelerate its growth, and thereby give Kiwibank a clear public mandate to lead the market in passing on interest rate cuts. The fourth major policy is ‘safe to school’, which proposes to create safe walking and cycling routes for children to get to school. This should also reduce congestion in the cities.

The Labour Party

The Labour Party was established on 7 July 1916 from a variety of similar parties. The party currently has 43 seats in parliament and is considered centre-left wing. The vision from the Labour party on their website states includes the following:

147 James Shaw and Metiria Turei Green Party Co-leaders Green, p. 2.
151 Green Party of Aotearoa, ‘Smarter Economy’.
152 Green Party of Aotearoa, ‘Smarter Economy’. 
Labour backs the kiwi dream...It’s a home to call our own. Opportunities for everyone’s kids to succeed, no matter where they live. Security and freedom to make our own choices. Pride in our independence and a passion for our environment.  

As their website suggests, when Kiwis need homes, Labour builds them, and when Kiwis need work, Labour creates it.

Labour has stated that following the 2014 election, the party has placed all its policies under review and will continue to announce new policies up to the 2017 election, to include the ‘Working futures’ policy. This policy is for three years of free higher education over a person’s lifetime, and can be used at any point. They also propose ‘flexible tax for business.’ This includes an entirely flexible voluntary withholding tax, which will allow businesses to meet their tax obligations at a rate of their choosing and on their own time table. Labour also aims to introduce a ‘Young Entrepreneurs Policy’, where young New Zealanders can apply to cash in their three years of free education and receive a grant to start up their own businesses. They can also receive training and a business mentor. Finally, there is the ‘Our Work Our Future’ policy, which is designed to ensure that the Government focuses on creating more jobs. This will be complemented by government organisations issuing contracts with winning bids based on the creation of jobs in New Zealand. Organisations that design contracts so that companies focus on creating more jobs in New Zealand will have a fair chance of winning the contracts.

The New Zealand National Party

This party was established in 1936 by a coalition of the United and Reform parties as well as a several other similar parties. The Party currently has 59 seats in parliament and is considered centre-right wing.

The New Zealand National Party website describes its mission as follows: “The National Party seeks a safe, prosperous, and successful New Zealand that

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154 Labour, ‘Labour backs the Kiwi Dream’.
156 Labour, ‘Announced Polices’.
creates opportunities for all New Zealanders to reach their personal goals and dreams".\textsuperscript{157} The website uses the slogan ‘Less debt, more jobs, strong stable government’.\textsuperscript{158}

The National Party’s website did not list their policies in order, as did the other parties, but rather provided the following information on their homepage: first, there is a section entitled ‘Helping Rural Communities’, which bears the description, “A successful primary sector is part of National’s plan to create more jobs, life incomes, and build a more productive and competitive economy”.\textsuperscript{159} The focus here is on helping families get ahead – notably through health care, boosting irrigation, and growing the primary sector through a ‘Primary Growth Partnership’, as well as supporting exporters, managing resources, and improving broadband connectivity. There is, as well, the aim to ‘help more Kiwis buy their first home,’ This is ostensibly to be achieved by using Kiwisaver and government grants for low to middle-income couples. ‘Better healthcare’ is also proposed with a focus on delivering better results for New Zealanders and their families and, from the money that this is expected to generate, it is assumed that there will be “less waiting, more operations and more doctors and nurses”.\textsuperscript{160} Finally, the National Party proposes to ‘help small businesses in New Zealand.’ The website states that “small businesses are the backbone of the New Zealand economy – they account for around 97% of business in New Zealand.”\textsuperscript{161} This ‘help’ will be achieved from the recent introduction of a business-focused tax package that, it is thought, will be supportive of small businesses.

The outline of the parties, while very basic, offers some background into voting behaviour. Why do voters make the choices that they make? To explain what motivates an individual’s vote, there are several models that have been extensively researched. These include, but are not limited to, the rational choice model, the resources model, the mobilisation model, the social-psychological

\textsuperscript{158} National Working for New Zealand, ‘Less debt, more jobs, strong stable government’.
\textsuperscript{161} National Working for New Zealand, ‘better health care’.
Taking into account that income inequality and employment may affect for whom an individual decides to vote, it is not the only contributing factor that an individual may draw upon when deciding to vote.

This section includes both emotion and religion as elements. Emotion can be linked to income as making ends meet can be difficult at times, for all income groups. Religion is included as well: many religious groups, for example, include people of lower incomes and relate the plights of their members to apocalyptic visions that can only intensify stress levels. Such groups seem to vote against parties who might benefit them, and instead often vote against their own interests. For this paper, I do not treat emotion or religion as variables, but rather acknowledge that unemployment in itself fosters many relationships, and this is likewise the case with income inequality.

**Variables Relating to Party Voting Preferences**

A psychological approach relates political behaviour with emotion: personal emotions, in this approach, have an impact on voting. It is common practice for candidates to use emotional appeals in political campaigns, and this is often geared to have a negative effect on the opposition. Different emotions that can affect voting preferences include, but are not limited to, surprise, anger, anxiety, fear, and pride.

*Emotions, Campaigns, and Political Participation* is a study that examined the behavioural impact of four commonly employed emotional appeals in advertisements: anger, sadness, fear, and enthusiasm. This study found that while anger prompted political engagement, fear and sadness lessened engagement. Anger seems to be a strong political tactic, and appears to increase political engagement, although it is equally likely that political action based on negative emotion can lead to biases, and not “necessarily thoughtful.

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participation”. Individuals may vote, but not put much thought into which party they will vote for. The theory of affective intelligence suggests that campaign participation is driven by anxiety and enthusiasm; it apparently causes the average person to become ‘emotionally involved’. Emotions play a vital role in a person’s decision to take part in an activity. Unemployment, as discussed earlier, can encourage voting if individuals blame the government for their unemployment. This blame can often be translated into anger. Studies researching the emotional effects of unemployment have found that as individuals experienced more unemployment, their tendency to experience depression also increased. Anger, an emotion that is likely to be experienced by the unemployed, can perhaps contribute to this political engaging of voters. Other demographic influences on voting patterns include gender, race, age, culture and religion. Without going into too much depth on this particular topic, and while still acknowledging that these also have a strong influence on voting, I will focus on religion and income.

Religious groups often vote conservatively. In a collective sense, beliefs are often conservative, and tend to express little concern for the economic wellbeing of their proponents. Although some of the more religious individuals may fall into lower income groups, religious collectives constitute one of the categories that potentially would not tend to be significantly affected by economic issues in elections. This category, then, may shed some light on a perplexing electoral dynamic: why it is that some people, particularly less wealthy people, routinely vote against their immediate economic interests.

De La O has completed research which considers whether religion causes an inverse relationship between income and left-of-centre voting (any vote that is leftist). They found that when determining a religious person’s vote, it is best to look at moral as opposed to economic’ interests’. De La O discusses the idea that less wealthy people, for example, may not even understand, or value, their

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166 Weber, p. 426.
economic interests. As discussed in the following chapter, this can be the case for a number of reasons, such as not believing that their voice will be heard. This study led to a finding that economic preferences made it easier in the USA to predict voting behaviour, but that it was inversely related to interests in several relatively religious European countries with multiparty systems.\(^{169}\) When religion is present, it can be difficult to determine electoral outcomes; income may determine outcomes to some extent or, alternatively, religious beliefs may contribute to an alignment with conservative parties. Emotion, unemployment and religion all complicate voting preferences.

Why it is that an individual chooses to vote for a particular party, then, can have a number of determinant factors. Such factors are tacitly and even unconsciously ranked, and it is therefore difficult to predict for whom an individual will vote. The section below will examine yet another variable – income inequality. For this thesis I have used household income as my measure of inequality. Statistics New Zealand considers household income as the clearest basis for measuring income inequality, although it should be noted at this juncture that in some of the studies cited below it was unclear if personal income or household income was used as the measure of inequality.

**Who Votes for Whom**

It is important at the outset to establish which party sits on the left- and right-of-centre. In Chapter Six, votecompass is introduced in order to situate the three largest political parties of New Zealand on a scale from left to right. The National Party is said to be centre-right, Labour, centre-left, and the Green Party, further to the left.

As income inequality has intensified, there is a greater separation between the wealthy and the less wealthy than ever before.\(^{170}\) Based on existing scholarship, it contended that those of higher socioeconomic status are more likely to vote and have a lower probability of voting for the left-of-centre parties.\(^{171}\) As

regards the US, Gelman, Kenworthy and Su note that the Republican Party represents the interests of business establishments, and the Democratic Party represents labour and groups in the public sector, including teachers and government employees; members of the Democratic Party tend to be of lower income.\textsuperscript{172}

In trying to determine which societal groups are more likely to vote on the left or right, numerous studies have that that citizens who favour income equality, more state intervention and who are more libertarian in their lifestyles are more likely to vote for the left-of-centre.\textsuperscript{173} Nevertheless, economic positions seemed to matter less to women when choosing for whom to vote, and in many instances, despite being economically positioned on the left-of-centre, women voted to the right-of-centre.\textsuperscript{174} The research in this area is extensive and tends to agree in most cases that the less wealthy vote left-of-centre, and the wealthy vote right-of-centre. Linking this to redistribution, Meltzer and Richard predicted that people with incomes below the medium will tend to vote with the left-of-centre for redistribution policies.\textsuperscript{175}

Argued by the likes of Leighley and Nagler,\textsuperscript{176} as well as, Cai and Voces,\textsuperscript{177} voter turnout is almost always lower with working classes. In Britain, a survey was completed in 1992 for the purposes of knowing what way a given economic class was likely to vote. The results were predictable: 56\% of the ‘non-manual’ workers (professions) voted Conservative, whereas 51\% of the ‘manual’ (tradesman) workers voted for Labour.\textsuperscript{178} Even below the manual workers, however, we would predict that the less wealthy in general should vote on the left-of-centre, particularly as inequality intensifies: “the poor masses in unequal

\textsuperscript{172} Gelman, Kenworthy and Su p. 1203.


\textsuperscript{174} This was found in the countries of Belgium, France, Norway and Switzerland. Niels Spierings and Andrej Zaslove, ‘Gendering the Vote for populist radical-right parties’, Patterns of Prejudice, 49 (2015), 135-162.

\textsuperscript{175} Meltzer and Richard, p. 915.


\textsuperscript{177} Also see Miguel Cai and Carman Voces, ‘Class Inequalities in Political Participation and the ‘death of class’ debate’, International Sociology, 23 (2010), 383-418.

\textsuperscript{178} David Denver, Elections and Voting behavior in Britain (Great Britain: HARVESTER Wheatsheaf, 1994) p. 10. Also see Geoffrey Evans, End of Class Politics?: Class voting in Comparative Context (Oxford University Press, UK 1999) p. 101.
societies should vote for parties of the left that promise confiscatory levels of taxation and redistribution.”

The ‘left vote’ should, then, have larger numbers particularly when more voter turnout of the less wealthy and working classes is high. This argument is familiar throughout this thesis. To their own disadvantage, the less wealthy and working class individuals, “who are the natural constituency of left parties tend to vote at lower and more variable rates than the higher-status supporters of centre or right parties.” Perhaps, left-of-centre parties should move their focus to voter turnout and in return, more left-of-centre parties would be voted in to office. This is supported by Daniel Horn: “If fewer people vote, then relatively more rich people vote, so median voter income will be larger, which decreases taxes (meaning lower redistribution)” Which is similar to both the works of Muller and Stratmann, and Meltzer and Richard.

Voting does not occur in a vacuum. The studies cited above point to the vital link between voting preference and income. If less wealthy individuals tend to vote for left-of-centre parties, then presumably when income inequality is high, and lower income groups in society are rising in numbers, we should be seeing stronger voting support for the left-of-centre. As noted above, however, this is not always the case. Voter preference is often offset by voter turnout.

Citizens Voting against Their Interests

People generally vote for parties that represent their struggles and economic positions. This is simply rational behaviour. It is difficult, then, to understand why individuals would vote against their interests. It has been argued that with the standard of living slowly improving over the last two centuries, there has been a shift of priorities from economic issues to social and cultural issues. Income inequality, which has an economic base, is also a social issue, however. Acterberg

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179 De La O, p. 438.
183 Meltzer and Richard, pp. 914-927.
184 Evans, p. 99
and Houtman argue that less wealthy citizens compete with one another for work, because of this working people will tend to be hostile towards immigration, for example, and may vote for right-of-centre parties that oppose immigration.\textsuperscript{185} Such parties have much broader platforms than anti-immigration, but this one issue has emotional appeal. A vote in this case can be associated with economic competition that has developed as a result of income inequality. Such ‘unnatural’ voting is ultimately related to cultural capital (progressiveness/conservatism).\textsuperscript{186} Acterberg and Houtman suggest that members of the working class, who may have a small amount of cultural capital, adhere to culturally conservative values that then lead on to right wing votes. While a contrary vote might have been expected of from a working class, the results of research demonstrate that the more \textit{culturally active} one is, the more likely he or she is to vote for the Greens than for the Socialist Party, at least in a European country.\textsuperscript{187} Corneo and Gruner, on the other hand, propose that the middle classes are in competition with the lower and upper classes. They explain that individuals within a social class where;

\begin{quote}
Social prestige measured by income is higher than that of individuals from lower socioeconomic statuses but only slightly lower than those from socioeconomic statuses higher than their own, are more likely to favor political decision that reject an equal distribution of economic resources.\textsuperscript{188}
\end{quote}

Another study found that moral values “actually pushed individuals in the opposite direction from their economic preferences…we find that the moral values [have] a large impact on the vote in many countries with multiparty systems,”\textsuperscript{189} Could it be that more people voted for New Zealand’s National Party despite having low-incomes \textit{because} of morality questions? Labour has been an unstable party since Helen Clark resigned in 2008. Could it be that the concept

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{185}Peter Achterberg and Dick Houtman, ‘Why do so many people vote ‘unnaturally’? A cultural Explanation for Voting Behavior,’ \textit{European Journal of Political Science Research} , 45 (2006), 75-92 (p. 77).
\item \textsuperscript{186}Cultural capital is dependent on education. It describes ones progressiveness/conservatism.
\item \textsuperscript{187}Achterberg and Houtman, p. 79. This study was conducted in the Netherlands, those with limited cultural capital and culturally conservative values vote for the Socialist Party (‘Old Left’) rather than the Greens (‘New Left’). Breaking the traditional monopoly of the one-sided class approach.
\item \textsuperscript{188}Lillian Chenoweth, ‘Class Matters: Political Participation and Family Policy Development Across Socioeconomic Status’ (unpublished doctoral dissertation, Texas Women’s University, 2009) p. 15.
\item \textsuperscript{189}De La O, pp. 440-44.
\end{itemize}
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of trust is pushing New Zealanders to vote against their economic interests? As Ana stated:

at least since Marx and Engels, one of the most prominent [features of the lower class is that they] do not naturally come to understand their economic self-interest in progressive taxation and redistribution.190

Without that economic self-interest functioning as motivation, voting is ultimately influenced by cultural. This perspective, comprised of emotion, media and numerous other factors, may obfuscate an awareness of income inequality, something that perhaps was not a point of interest in the past but has slowly come to light over the past decade.

Thomas Frank canvased voting patterns in the US Midwest in the first decade of this century, and discovered that the results were unpredictable.191 People angrily rejected policies that were firmly in their economic interests, and supported the policies of the wealthy. One might think that with the Labour Party in New Zealand being centre-left, liberals would be expected to vote for it, and conservatives would be expected to vote for the National Party. Frank, in his examination of the US, offers a cultural and emotional explanation of why this is not the case:

Out here the gravity of discontent pulls in only one direction: to the right, to the right, further to the right. Strip today's Kansans of their job security, and they head out to become registered Republicans. Push them off their land, and next thing you know they're protesting in front of abortion clinics.192

These are people who, from the perspective of their objective interests, would appear to be on the left-of-centre, but gravitate emotionally and culturally to the right-of-centre when under duress. They may not have manifested Republican Party interests, strictly speaking (although the farmers and small business people of the American Midwest did tend to be Republicans after William McKinley revived the Republican Party in the 1890s), but their votes, clearly in opposition to their immediate vital economic interests, were the product of frustration and

190 De La O, p. 438.
192 Thomas. pp, 67-68.
discontent, as Frank says. This ties into the argument regarding emotion and voting made earlier in this section. If the less wealthy do not vote with their interests (income redistribution), then it is unlikely that the economic well-being of the less wealthy will be addressed. From a rational standpoint, the less wealthy are more likely to support left-wing parties that advocate redistribution from the wealthy to the less wealthy.\textsuperscript{193} As discussed above, New Zealand is similar to the USA in the sense that liberals are voting for conservative values, and thus against redistribution.\textsuperscript{194} Is New Zealand a conservative country? It has been found that richer states in the USA tend to favour the Democrats\textsuperscript{195} and yet the nation as a whole has a large wealthy population more likely to vote Republican.\textsuperscript{196} This, then, raises a troubling question: does New Zealand have traditional class/income voting patterns, where the more you earn, the more right-of-centre you are, or is it that New Zealand is more of a reflection of Kansas and is largely comprised of people voting against their immediate economic interests?

**Conclusion: Party Preferences**

Studies have shown that economic standing determines voting preferences, at least to some extent. The wealthy tend to vote conservative, the less wealthy, for -of-centre parties. Over time, this trend seems to have changed, however. I have argued that income inequality was once an economic issue, but is now more of a social issue. It is present as a recurrent topic in the media, and may be creating a change in voting patterns. Individuals seem to be voting based upon their own ethical standards, and often contrary to their immediate economic interests. Income inequality seems to be exacerbating this trend.

**Chapter Four: Income Inequality and Voter Turnout**


\textsuperscript{194} Huber and Stanig, p. 3.

\textsuperscript{195} Gelman, Kenworthy and Su, p. 1203.

\textsuperscript{196} Gelman, Kenworthy and Su, p. 1204.
In this chapter, NZ’s voter turnout statistics are analysed along with popular reasons why individuals choose not to vote. This chapter then examines three theoretical arguments regarding the relationship between income inequality and voter turnout: income inequality as a primary cause of a reduction in voter turnout; income inequality as a primary cause in an increase in voter turnout; and the argument that income inequality has no bearing on voter turnout. These contrasting arguments are obviously integral to any discussion of the relationship between income inequality and voter turnout.

**Voter Turnout in New Zealand**

Voter turnout in New Zealand is defined as “the proportion of the estimated voting-age population (aged 18 years and over) who cast a vote in general elections.” Voter turnout rates are an indication of the confidence the population has in a political system. It also demonstrates the importance that individuals attach to political groups. Within the last 30 years, voter turnout has undergone dramatic changes in New Zealand. In 1984 voter turnout reached a high of 89%. In 2011 it was at a low of 70%. Turnout, over time has been in decline, as displayed on the graph below. A survey was conducted in an attempt to understand why people were foregoing their right to vote. The New Zealand General Social Survey found that for the 2008 and 2011 elections, 21% did not vote because, in the words non-voters, they “didn’t get around to it, forgot, or were not interested”, 12.3% did not register, 10% were “overseas or away on election day” and 7.1% said they did not think their vote would make a difference.

![Figure 3: Proportion of estimated voting – age population who cast votes, 1984-2014](image)

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The survey also examined the characteristics of non-voters, and found that unemployed people were less likely to vote compared with employed people. The survey found that 35.2% of unemployed people did not vote, while only 17.8% who were in the labour force did not vote.\(^\text{200}\) The survey also measured income. It found that incomes under $70,000 were more likely not to vote than people with incomes above $70,000.\(^\text{201}\) New Zealand voter turnout was ranked 9\(^\text{th}\) highest out of the 34 OECD countries and was higher than the OECD average.

The 2011 election was recorded as having the lowest voter turnout in New Zealand since 1887. The official turnout rate was 74.2%. Jack Vowels argued that, regardless of changing the voting system from FFP to MMP, voter turnout changes in waves, and the reasons why an individual may not vote are almost endless.\(^\text{202}\) Vowels has argued that since the 2005 election there has been “less attention to coalition options because of the campaign’s focus on the two major parties.”\(^\text{203}\) In the 2008 and 2011 elections, the National party and Labour party “refuse(d) to debate together with leaders of the smaller parties”\(^\text{204}\) Vowels reiterates that such perceptions are also encouraged when parties fail to form pre-election coalitions, and that if public perceptions of closeness were construed on


\(^\text{203}\) Vowels, p.22.

\(^\text{204}\) Vowels, p.22.
the basis of clearer ‘centre-left’ versus ‘centre-right’ coalitions, we could expect higher turnouts.\textsuperscript{205}

*The Social Report*, found that the 2011 election voter turnout was much lower for individuals in lower age groups, among the unemployed, and among those on low-incomes.\textsuperscript{206} The main reason for lower voter turnout in 2011 was not getting around to voting, forgetting to vote, or lack of interest, according to *the Social Report*.\textsuperscript{207} This shared apathy contrasts with reasons listed in the 2008 election, when only 3.9% said that they did not vote because they did not believe their vote would make a difference. In 2011, this response had climbed to 7.1%.\textsuperscript{208}

**Income Inequality and Reduced Voter Turnout**

The *Relative Power Theory* predicts that inequality will depress voter turnout.\textsuperscript{209} This is said to a result from an inverse relationship between income inequality and voter turnout. As suggested by Jamie Castillo, less wealthy citizens will refrain from politics because they don’t believe their voices will be heard.\textsuperscript{210} Assuming that their votes will, in fact, have little influence, this point of view makes some sense. Goodin and Dryzek have made a similar argument. They contend that the stronger that economic power is within the elite, the more the less wealthy withdraw from political participation, that is, projecting their political concerns.\textsuperscript{211} Thus, in this view, political effectiveness is likely to be based on an individual’s economic position in society, that is, driven by relative income.\textsuperscript{212} The futility in voting that is felt by lower income individuals becomes a self-fulfilling prophecy.\textsuperscript{213} This is explicitly anti-democratic, and raises an uncomfortable question: is New Zealand a democratic society? Indeed, are most Western societies today, dominated as they are by this dynamic, democratic? Aristotle

\textsuperscript{205} Vowels, p.23.
\textsuperscript{210} Jamie-Castillo, p. 5.
\textsuperscript{211} Robert Goodin and John Dryzek, p. 274.
\textsuperscript{212} Goodin and Dryzek, p. 278.
\textsuperscript{213} Frederick Solt, ‘Economic Inequality and Democratic Political Engagement’, *American Journal of Political Science*, 52 (2008), 48-60 (p 49).
observed that “the rich everywhere are few, and the poor numerous . . . where the less wealthy rule, that is a democracy.”\textsuperscript{214} In a ‘developed’ world increasingly populated by lower income groups, but where the wealthy nevertheless dominate, are we witnessing the breakdown of democracies?

This impression was supported in Bartles’ research, which found that in the USA federal senators were more responsive to the opinions of high-income constituents.\textsuperscript{215} Solt’s study, moreover, produced results that were consistent with the \textit{Relative Power Theory}: income inequality apparently had an inverse effect on political participation regarding groups with middle-to-low incomes. He argued, however, that inequality “does not encourage more political engagement among any income group”.\textsuperscript{216} He noted, instead, that inequality generally had an inverse relationship across all groups, although with middle-to-low income groups this effect was more pronounced, and much more deleterious. He reinforced his results in a 2010 study using Schattschneider’s hypothesis, which argued that high-incomes along with a state of pronounced inequality leads to low political participation rates.\textsuperscript{217} Solt found similar evidence in his 2008 work (cited above), and added that income inequality has a significant inverse relationship with voter turnout, although higher income earners tend to vote more as inequality rises.\textsuperscript{218}

Resource theory implies that the more resources one has, the more likely he or she is to vote. So, in this sense, voter turnout can be seen as dependant upon one’s income. I suggest that time, in addition to income, is an integral resource. Spare time can be allocated to political participation, thought given to political policy, and time and energy ‘allocated’ to engagement in political activities such as discussion, protest, and voting. Without time, it is difficult to imagine that an individual would be able to engage effectively in the political sphere. Such ‘extra’ time is closely related to the arguments surrounding employment and voting. The wealthy simply have more time and more resources, and are, in principle at least, more capable of spending their time and resources on political endeavours. Given

\textsuperscript{214} Aristotle, book 3, part VIII.
\textsuperscript{215} Martin Gilens, ‘Inequality and Democratic Responsiveness’ \textit{Public Opinion Quarterly}, 69 (2005), 778–796.
\textsuperscript{216} Solt, p.54.
that the less wealthy tend to regard their political participation as futile, they are simply less likely to devote whatever limited spare time that they have to it.

*Political polarisation* is another explanation as to why inequality tends to exercise a inverse relationship with voting. Jamie-Castillo argues that the higher polarisation within the political parties, the harder it is to form coalitions. Without coalitions, decision making regarding party preferences becomes more difficult, and this can lower the turnout among the less wealthy and middle classes, allowing power to concentrate in the upper classes. Nevertheless, those earning higher incomes may also have lower voter turnout because of their assured political success rates: the lower classes’ consistent inability to control parliament. With their interests already well protected, moreover, those in the middle class will tend to ally with the wealthy in maintaining their, albeit limited, positions.

When inequality is low, on the other hand, the middle classes will tend to ally with the less wealthy and working classes in the interests of gaining more redistributive policies. Geys research looks at 83 aggregate-level studies to determine why it is that individuals turn out on Election Day. As regards income inequality, Geys study found, based on 13 test results, that there was an inverse relationship between income inequality and voting; six test results showed that this was a positive relationship and thirteen tests that had insignificant results. So overall there would be a trend of high inequality and lower voter turnout.

**Income Inequality and Increased Voter Turnout**

Income inequality, alternatively, also links strongly with increased voter turnout. This is supported by Lister, whose research spanned fifteen wealthy countries, and demonstrated that welfare states, including New Zealand, when income inequality was low, evinced a pattern in which voter turn out was high. This was said to be because welfare states encouraged solidarity and participation.

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Conflict theory proposes that people are more likely to participate in politics when levels of inequality are high. The greater the differences are between societal groups, the greater the frustration, and in turn, the more people are likely to vote. Societies tend to have more conflict when there is greater inequality; participation is thus greater in response to these differences (generated by conflict). The inverse of this argument is that when inequality is low there should be fewer demands on government. Income inequality, it would appear, should on balance encourage mobilization and political awareness. Redistributive polices become more attractive and are simply the best means for the less wealthy to improve their situation.

Political polarisation has already been discussed as a factor that may restrain political participation, although there is disagreement regarding this point. Brady observed income, income inequality and participation from the 1970’s through to the 1990’s, and demonstrated that “Increasing income inequality might operate in contradictory ways by reducing the wherewithal for lower income people to participate but simultaneously increasing their motivation to become engaged.”223 As Brady notes, lower income levels may restrain participation, but may also motivate participation. Oliver would agree with Brady as in his study, he found that inequality polarises the different income groups and thereby leads to participation.224

When people decide to vote, it is generally based on personal cost. The neo-material argument employs the Downsian rational voter theory.225 Simply stated, this voting algorithm states that the cheaper it is to vote, the more likely it is that someone will vote.

However, what if the expected benefits of voting are less than the costs associated with the vote? This can be seen in New Zealand in the latest 2014 election, where 22.1% of New Zealand did not vote. This is not to say that voting is too expensive in New Zealand to participate at any level, but rather, it demonstrates with specific figures that there is room for improvement. It is obvious that in a democratic system the more people who vote, the better it is for

Mueller and Stratmann outlined the relationship between voting and cost, contending that if fewer people vote, those that do will tend to be the wealthy.\textsuperscript{226} With shortfalls in a lower income voting population, it is tautological to say that the median income of the voting population will rise. The expected behavioural response, then, will be lowered taxation of the upper income levels, and a widening (in the long term) of the income gap between the wealthy and less wealthy. This dynamic is one way in which democracy can, in effect, support income inequality. This support is not a deliberate act of the voters, but rather, an effect of income inequality on overall voting behaviour, which in turn becomes an effect of voting behaviour on income inequality.

**Where Income Inequality Is Said to Have No Effect on Voter Turnout**

This argument suggests that the only effect income inequality can have on voting behaviour is concentrated within income groups themselves. The wealthy, it is thought, tend to participate more, and the less wealthy, to participate less, but the overall effect is that turnout does not change significantly.\textsuperscript{227} Scruggs and Stockemer asked the question (as regards liberal democracies), as to ‘whether there is, in fact, any general connection between inequality and turnout’. The simple answer that they found was a definitive ‘no’. Their study estimated that the effect of inequality would be negative, but their results showed that this was “substantively small and...far from statistical[ly] significan[t].”\textsuperscript{228}

Voter turnout in NZ has declined significantly. Non-voters give a variety of excuses, including the desire ‘not to be bothered’, although some cite the more compelling argument that their vote does not seem to count. Whatever the reason that non-voters cite, there is an intriguing circularity of the inequality dynamic. Inequality lowers the voter turnout of the lower income groups, resulting in

\textsuperscript{226} Mueller and Stratmann, pp. 2129–2155.
\textsuperscript{228} Scruggs and Stockemer, p. 16
outcomes and then policies that favour the wealthy, eventually intensifying inequality, and then ultimately lowering even further the voter turnout of the lower income groups. This is perhaps the most compelling argument, if not explanation, of the decline of democracy in New Zealand.

**Hypotheses**

From the above literature, I have formulated three hypotheses that this paper will test:

1. Household income inequality has a significant effect on *party vote outcomes*.
2. Household income inequality has a significant impact on voter turnout at a *national level*.
3. Unemployment levels have a significant impact on voter turnout.
Chapter Five: Research Methodology

Using both an inferential and descriptive statistical approach, data for this project was collected from pre-existing statistical analysis, specifically taken from NZ statistics and electoral profiles. These data and data analyses were then contrasted and compared on linear graphs. I then paired these with analyses of existing studies in order to explain the outcomes of the graphs included at the end of this chapter.

The objectives of my study were to:

1. Identify if there had been changes in household income inequality and whether this inequality had resulted in changes in voter turnout on the national level between 2005 and 2014.
2. Identify if there had been changes in household income inequality and whether inequality had a significant impact on voting preferences (party vote) between 2005 and 2014.
3. Identify if there had been changes in employment levels, and if such changes had caused changes in national elections between 2005 and 2014.

Quantitative Research Approaches

Quantitative methods have been described as:

emphasizing objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon. 229

Quantitative research methods use numerical data, including data gathered from surveys or other means by the researcher specifically for the project and/or data that has already been collected by various means. Such approaches can involve inferential statistical analysis (that is, analysis of a randomly drawn sample, and inferring the characteristics of the whole from that sample), or descriptive (that is,

using all of the data of some characteristic of a population, and using it to accurately describe that characteristic of that population). In general, data analysis is used to test a given hypothesis. Statistics must ultimately speak for themselves.

My data was collected from pre-existing statistical data drawn from government sources (see Appendix 5), is largely descriptive, that is, represents complete numerical sets collected by government agencies, which I have then selected, visually arrayed, compared and contrasted, and is based upon my conceptual arguments. It is arrayed in a range of tables and graphs.

**Materials and Data Used in this Study**

The materials that I selected for this study were: general electorate voting district profiles, household income before tax per voting districts, voter turnout in each district, employment data per voting district, and party votes per voting districts.

**General electorate voting districts:** An electorate voting district is an area in New Zealand where votes are tallied for the local elections as one unit. The glossary from the Electorate Profile describes the electorates as

One of 64 geographic areas (periodically defined and named by the Representation Commission) which can be contested by candidates of any ethnicity, and who are enrolled on either the General or Māori Roll. Voters, who have to be on the General Roll, elect one electorate MP who must gain a plurality of the electorate votes cast in that electorate.

My study also uses two **Māori Electorates**, which are described as:

One of seven geographic areas (periodically defined and named by the Representation Commission) which can be contested by candidates of any ethnicity, and who are enrolled on either the General or Māori Roll. Voters, who have to be on the Māori Roll, elect one electorate MP who must gain a plurality of the electorate votes cast in that electorate.

**Household income before tax:** these data were collected from the *Statistics NZ* website, which originally collected the data from the *New Zealand Census*. This

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231 Parliamentary Library, *Christchurch East Profile*, p. 34.
data is broken down per voting district. A household is measured as one person, or two or more who reside together with shared facilities, such as a living area, kitchen or bathroom in a private dwelling. For the census used in my research (produced in the years of 2001, 2006 and 2013), a household was counted as receiving income if one or more of the household members were over 15 years old. Households may have received income from more than one source, but each specific source is not defined: income includes combined sources, that is, wages, salaries and also other sources, such as benefits, interest payments, etc. Income figures given are before tax (gross) income.

**Voter turnout:** These data were collected from the *Electorate Profile*, which is published by the Parliamentary Library after a national election. Each profile contains a section on the electoral profile, the people, the households, and work data. Voter turnout is referenced in the glossary as:

expressed as a percentage turnout is the total number of votes cast (including valid votes, disallowed votes, and informal votes) as a proportion of the number of electors enrolled on Election Day.

**Employment data:** These data were also collected from the Electorate Profile of the district in question. These data were collected from the Parliamentary Library from Statistics NZ who define unemployment as:

the number of people unemployed expressed as a percentage of the labour force. The labour force consists of all individuals of the working-age population who are either employed or unemployed. Unemployment is defined as being without paid work, where a person was available for and actively seeking work.”

**Party votes:** These percentages for the number of votes per party in each district were collected from the Electorate Profiles. This includes only the valid votes, not the total votes cast.

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233 Parliamentary Library, *Christchurch East Profile*, p. 34.
234 Parliamentary Library, *Christchurch East Profile*, p. 34.
The NZ data were primary data and measured household income, the election turnout and voting preferences and was the most recent data for these measures. These current data enabled a contemporary analysis of household income inequality and voter turnout and preference. The texts I have analysed and used to draw my conclusions were chosen for their clarity and preoccupation with income and its correlative effects on voter participation.

All the materials/data were entered into Microsoft Excel and formatted into tables using limited calculations. Household income before tax was measured in a p80/20 ratio to find if income inequality has risen or fallen. The data was then placed into a line graph from Microsoft Excel.

**The Research Protocol**

Income contributes to wellbeing. Material wellbeing provides a range of comforts to a household. Perry’s report on *Household incomes in New Zealand: Trends in indictors of inequality and hardship 1982-2014*, produced for the Ministry of Social Development, generated the diagram (below) to show the relationship between income, wealth and material wellbeing. Based on this study, it is apparent that the higher these factors are, the more comfortable a household is.
There are two categories of income: wealth and household income. Wealth tends to be something an individual will gather over time. For example, ownership of a house and a mortgage. Household income is an area which can rise and fall rapidly. This report examines the distribution of household income and household wealth. Older people, for example, may register as having high levels of wealth because of a mortgage-free home, but may have low-incomes because they are retired. Younger individuals may have higher incomes but lower levels of wealth in the absence of home ownership and other accumulated assets. Perry’s study, then, examines both with a view to measuring a more intangible entity, economic wellbeing.

The report, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2014*, was also prepared by Bryan Perry as part of the ninth issue in the series of annual income reports. This was an attempt to

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236 Wealth alone is distributed more unequally than income. For both Australia and New Zealand, the Gini for wealth is roughly double the income Gini. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982-2014* p. 5.
develop constructive policy in a difficult and highly political area.\textsuperscript{237} This report is close to my own study in that it considers elections up until the year 2014 on many of the same criteria, and also because it is \textit{Statistics NZ}’s leading research in the area of income inequality. I will therefore be using many of its data and conclusions in my own work.

The income measure used in this report is ‘household after-tax cash income’ measured over the period of a year (note that in my thesis income is measured before tax). This is referred to as disposable household income and is indicative of the access to economic resources and current living standards across New Zealand. All results are inferential estimates, and are based on the data from \textit{Statistics New Zealand}’s \textit{Household Economic Survey (HES)}. HES is a straightforward survey of around 2800-3600 private households. The data collected is primarily qualitative, and conducted by face-to-face interviews. The 2013-2014 HES achieved a sample of 3400 participants.\textsuperscript{238} As noted above, I have rather chosen to measure income inequality using quantitative data, inferential and descriptive, available from government sources.

A sample of approximately 3000 private households is used in each HES survey, and during the interview period each household member aged 15 and over keeps an expenditure diary for 14 consecutive days to recall any major purchases made that period. They also provide their income and employment data. The individual is also required to be living in a permanent dwelling.\textsuperscript{239}

To analyse income inequality more extensively, the report uses percentile ratios. This is where individuals are ranked on the equivalised income of their respective households and divided into 100 equal-sized groups or \textit{percentiles}.

\textsuperscript{238} \textit{Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982-2014} p. 2.
\textsuperscript{239} Special note on the data for the 2008 HES (Income) to be acknowledged: The income poverty and inequality figures for 2008 published in the 2009 report are not included in subsequent reports as a significant issue was discovered with the calculated disposable income variable in the Taxwell data in \textit{Statistics New Zealand}’s 2007-08 HES dataset. Initial investigations suggested that the issue arose from the modelled Accommodation Supplement amounts used in calculating the household income variable. This led to household disposable incomes for the 2007-08 year being understated for many low-income households. The poverty and inequality figures reported in the 2009 report were therefore inflated for the 2008 year. The issue is now resolved and we expect to be able to report on 2008 findings in the 2016 report.
The percentile is measured as the relative distance between two points in the income distribution. The report uses the following assumptions:

- The P90/P10 ratio provides a good indication of the full spread of the distribution, going as far as possible to the extremes without running the risk of being overly influenced by unrepresentative very high incomes or by the difficulties with bottom decile incomes.

- The P80/P20 ratio gives a better indication of the size of the range within which the majority of the population fall and has less volatility than the P90/P10 ratio.

- The P80/P50 and the P20/P50 ratios give an indication of how higher and lower incomes compare with the midpoint.\(^{240}\)

For the P90/P10, P80/P20 and P80/P50 indicators, the higher the ratio the greater is the level of inequality. For the P20/P50 indicator, the higher the ratio the lower is the level of inequality in this part of the distribution.

The overall trend that we can establish from the graph below is that income inequality has been on the rise. What is important to note here is the significant change from 2005 to 2009. An election took place in 2008, and this was an important election because the gap had been trending toward smaller numbers up until then. After this we see a spike, especially clear from 2010 to 2012, and then a general climb upwards.

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Table 4: BHC income inequality in New Zealand: percentile ratios, 1982 to
2014, total population

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This study relates closely to my thesis. It is useful to examine New Zealand’s most recent findings on income inequality, and to relate these to an understanding of where the statistics are trending. In my own study, I have used the P80/20 ratio because, as stated in the above report, this ratio gives a better indication of the significance of the change that is taking place.

Only limited studies have been completed in New Zealand regarding the measurement of income inequality and its possible effects on voting. One such study, ‘Electoral turnout and income redistribution by the state: A cross-national analysis of the developed democracies’, examined 13 developed democracies between 1979-2000. It concluded that in 1996, New Zealand’s lowest income quintile had 85.8% voter turnout and the highest income quintile had 88.6%. It found that the rate of electoral turnout was positively related to the extent of

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government redistribution.\textsuperscript{242} But, as seen in the previous chapter – voter turnout is in decline.

There have been studies in New Zealand measuring income inequality as a causal variable, a problem in its own right. Max Rashbrooke’s work, *Inequality: A New Zealand Crisis*, analyses this condition, but does not compare and contrast two critical and related variables, income inequality and voter turnout. Rashbrook does mention that the most comprehensive work on income inequality was produced by the Ministry of Social Development, “Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2014”. This is used throughout this thesis.

**How Measurements Were Made and Calculations Performed**

Eleven voting districts were chosen by stratified random sampling, by way of location and income. Hence, both inferential (as regards assumptions concerning New Zealand) and descriptive (as regards the characteristics of the districts themselves) techniques were employed. Two higher income districts were used as controls, and two Māori voting districts were also selected in order to provide for a more complete ethnographic picture.

To measure income inequality in each of the thirteen districts, I have used the P80/20 Ratio. This measure is the most commonly used to measure income inequality and is calculated by finding the bottom 20\% (quintile) and top 80\% (top four quintiles) of the household income data and placing them in their relevant groups to measure the distance in-between.\textsuperscript{243} The P80/20 or 20/20 ratio is used by the United Nations Development Programme, Human Development and Statistics NZ.

I used the P80/20 to be consistent with New Zealand measures. I decided to measure household income inequality with voter turnout on line graphs (with Microsoft Excel) for a visual assessment. With a line graph I am able to compare continuous data sets, and given that my data is collected over a relatively small

\textsuperscript{242} Mahler p. 179.

time period, and that there are no large disparities, a line graph is the conceptually clearest demonstration of my data.

The difference between the bottom 20% and the top 80% is compared in 2006, 2012 and 2015. The difference in income inequality was calculated as follows:

**To determine the location of the percentile:** i.e., bottom 20% and top 80%,

Using Christchurch East 2015:

To find the top 80%, $0.80 \times 14^{244} = 11.2$ (round to nearest 10=11) 11.

To find the bottom 20%, $0.20 \times 14 = 2.8$ (rounded to nearest 10= 3) 3.

Then take the total numbers of individuals that form the three lowest income groups, (Nil-$10,000) which has a total individual count of; 84, 129, 132 = 345 (value)

Then take the total numbers of individuals from income groups 11 – 14 (4) ($50,000 - $100,000+) of the highest income group; 1371, 1356, 3696, 3858 = 10281 (value)

**To find the difference between the two values:** \(^{245}\)

\[
\frac{V_1 - V_2}{\frac{V_1 + V_2}{2}} \times 100
\]

Using Christchurch East 2015:

\[
\frac{345 - 10281}{\frac{345 + 10281}{2}} \times 100
\]

\(^{244}\) 14 is the number of income groups for this district.

\(^{245}\) $V_1$= total of lower income group, $V_2$= total of higher income group.
If the difference in each district has continued to increase, then we see that income inequality has increased for that district. I then entered the data into a graph, one graph per district and used a trend line to see if the differences were increasing or decreasing.

These graphs display two separate measures, or variables: e.g., unemployment and voter turnout, voter turnout and income inequality, or income inequality and party vote. Both data series have a trend line. These results can be seen in figures 1-39.

From the graphs, I have drawn on existing scholarship to analyse the relationships/trends. Existing scholarship helped to explain why the results read as they did, and enabled me to draw conclusions for New Zealand. Existing studies explain that voting outcomes are not based on one independent variable, e.g., household income inequality is not the only reason an individual votes on election day—other reasons include, but are not limited to, education, age, accessibility to voting booths, etc.

Validity and Reliability

Internal/external validity: Every that hypothesis that I have tested in this thesis measures a single independent variable. My data was collected from reputable secondary sources, and there was no personal input to the data collection, that is, I did not personally collect data in the field.

The method of measuring income inequality, using the p80/20 ratio, can be used on any data that has income groups, e.g., if the data shows that 1625

\[
= \frac{9936}{10626} \times 100 = 9.936 \times 100 = 99.36\% \\
= \frac{9936}{5313} \times 100 = 1.87013 \times 100 = 187.013\% \text{ difference}^{246}
\]

For every percentage I round to the nearest 10 or 5.
people earned $10,000-$20,000. This data can then be entered against other socio-economic variables and compared. Efforts were made to assure a modicum of validity through careful calculations and consist rounding of percentages according to the nearest 10 or 5. The methodology for calculating the difference in household incomes to measure inequality is outlined above. This data analysis approach can be used on other populations as well, and can be generalised for other countries. In fact, as long as the data is available, it can be placed on graphs and used to measure a range of other populations.

I have examined thirteen electoral districts out of sixty-four, in four national elections. This is a small sample of the overall data that is available. While it is therefore difficult at best to use this study to generalise about New Zealand, it does seem possible to more fully understand the potential affects of household income inequality on voting. Furthermore, this study was restricted to one country. Using data from other countries would make for an interesting comparison and allow for the analysis of additional variables.

Over the years 2005-2014 there were four national elections in New Zealand. Voting data was collected from the 2005, 2008, 2011, 2014 elections. Household income was collected from the New Zealand Census. The years of the national elections and the census data are not exactly aligned. The census results that I used were completed in 2001 (for the 2005 election), 2006 (for the 2008 and 2011 elections), and 2013 (for the 2014 election). The 2011 census was cancelled because of a national state of emergency that had followed the Canterbury earthquake. This had an effect on my data collection. There was an unbalanced increase in household income given the number of years without a census between the census of 2006 to and that of 2013.

The electoral districts’ household income measure proved to be a limitation as the cost of living in each district was not accounted for. Mt Albert has a higher average income, although the cost of living in Auckland is considerably higher than in New Plymouth. This is a limitation.

Another limitation is that employment rates are measured from the age of fifteen, whereas voter turnout is only measured from the age of eighteen. This has the effect of skewing the findings. Yet another limitation is the periodic changing of electoral boundaries. For the 2014 selection there were boundary changes to eight of the 13 electoral districts. Those that were not changed were; Northland,
Taupō, Palmerston North, Nelson and Invercargill. Most districts only had minor changes, although this does effect the overall statistical analysis.\textsuperscript{247}

\textsuperscript{247} Electoral Commission New Zealand, ‘2014 Electorate Boundaries – Key Changes’. 
Chapter Six: Results

This chapter presents data from 13 voting districts over a period from 2005 to 2014. Three sections address the questions this study has raised. The first of these, ‘does income inequality have a significant effect on the turnout in nationwide voting?’ is the primary research question. Three districts are of central interest. The outcome of the analysis suggests that \( H_{II} \) has a significant inverse effect on voter turnout. With income inequality increasing, over time there was a decrease in voting rates. The second question, ‘does household income inequality have a significant effect on party outcomes?’ provided the basis for five graphs that demonstrate that raising \( H_{II} \) tends to result in right-of-centre voting tendencies. The final question, ‘does unemployment have a significant effect on voter turnout?’ provides the basis for two graphs, one that suggests that when employment levels are high, voter turnout tends to be low, and the other, that when unemployment levels are high, voter turnout tends to be high as well. The chapter then concludes with an overall analysis of the results and the limitations of the data.

**Hypothesis 1: Does income inequality have a significant effect on turnout in nationwide voting?**

To test this hypothesis, I measured \( H_{II} \) against voting turnout for national elections within each of the key districts selected. The districts were: Mt Albert, Napier, and Waiariki. 2011 proved to be a year where all districts experienced a drop in voter turnout. The reasons for this (the greatest decline since 1887) are briefly mentioned in Chapter 2.
In 2005, Mt Albert had a significant disparity between voter turnout and HII. Over time in this district, the two variables have slowly come together, with overlap occurring just before 2014. This overlap has led to a meeting point in 2014. From 2005 to 2011, it would seem that the 2005 election was accompanied by a higher voter turnout, and although overall voter turnout actually decreased, it was only by 0.3%. Between 2011 and 2014, HII and voter turnout both had similar steep climbs. 2014 saw an increase in voter turnout by 5%, 2008 and 2014 saw an 80% voter turnout rate. Without the 2011 election, the voter turnout for this district would have been fairly consistent. Mt. Albert demonstrates that HII appeared to have had little effect on this district, with voter turnout rates of 80.30%, 80%, and 80%, essentially no change despite HII increasing. Taupō and Northland displayed similar patterns. If the 2011 voter turnout rates were not included in this study, the districts would have had relatively consistent voter turnout rates with those of Taupō, an average of 80.1% (80.20%, 80%, 79%), and with those of Northland, an average of 80.5% (81.5, 80, 80). These voter turnout rates, incidentally, are higher than that of the OECD average of 70%. Palmerston North might also be said to fit in this category, although it has experienced a more rapid decline in
turnout. From 2005 to 2014, Palmerston North’s voter turnout has fallen from 82.4% to 80%. The above districts have reinforced the argument that $H_0$ does not significantly affect voter turnout, although Palmerston North suggests that there is some insignificant influence.

These results can be compared and contrasted with other studies that suggest that $H_1$ has little or no effect on voter turnout. Scruggs and Stockmer, as discussed in Chapter Four, explain that income inequality only changes which income groups choose to vote. As income inequality increases, the rich vote more and the less wealthy vote less, but the overall turnout numbers do not differ significantly.

**Figure 5: Income Inequality and Voter Turnout in Napier**

![Figure 5: Income Inequality and Voter Turnout in Napier](https://www.parliament.nz/en/mps-and-electorates/electorate-profiles/)


For the Napier District, 2005 saw $H_1$ and voter turnout relatively close, and these have continued to trend downwards together over the last four elections. Voter turnout has been on the decline more significantly than the districts mentioned above. Napier’s results show a drop (-4.2%) from 81.2% in 2005 to 77% turnout in 2014. Districts similar to Napier in the extent of decline are Hamilton East, with a 5% decline in voter turnout, and Wellington Central, with a 1.6% decline. In these districts, as voter turnout declines, $H_1$ also declines. These three districts,
then, provide a case against both traditional studies in the field, as well as countering the graph above.

The Relative Power Theory suggests that income inequality will tend to depress voting turnout.\textsuperscript{248} As the bridge between the rich and the poor lessens, competition becomes less, and the motivation to vote drops. Jamie Castillo posits that when the interests of the poor are not represented in government, the poor will tend not to vote, and in turn, the rich will also withdraw to some extent from voting.\textsuperscript{249} Lower levels of $H_{II}$ produce less need for redistribution, and therefore, less reason for the poor to vote. Without the poor voting, there is less need for the wealthy to protect their interests, and this results in the wealthy withdrawing to some extent from voting as well.

\textbf{Figure 6: Income Inequality and Voter Turnout in Nelson}

Nelson’s trend lines provide an almost perfect ‘X’. This begins with $H_{II}$ rising and voter turnout high. As discussed in Chapter Four, because of inequalities, people are encouraged to vote to have their interests represented in government. As suggested by conflict theory, as discussed in Chapter Four, the frustration between the different income groups is what motivates individuals to vote. One motivation

\textsuperscript{248} Jamie-Castillo, p. 5.
\textsuperscript{249} Jamie Castillo, p. 5.
of poor citizens lies with wanting stronger redistributive policies; for the wealthy citizens, it tends to be a desire for lower taxes.

A significant change in 2009-2010 was noted as regarded voter turnout. As voter turnout dropped, HII continued to rise. These results reinforced the Relative Power Theory, also discussed in Chapter Four. Poorer citizens apparently refrain from politics when they believe that their voice will not influence change.\textsuperscript{250} The individual's motivation ultimately reverts back to his or her economic situation, according to this theory, when that situation appears to be bleak, and that individual simply assumes that he or she simply deserves nothing better.\textsuperscript{251} Solt’s studies in 2010 and 2008 argued that income inequality has an inverse impact on voting.\textsuperscript{252} He contends that high-income inequalities lead to low political participation rates.\textsuperscript{253} Higher polarisation among the political parties makes it more difficult to form coalitions. As we have seen in New Zealand, there has not been a formal coalition government since 2005. When this happens, Jamie-Castillo argues, that the rich are more likely to vote, although overall turnout will still tend to be low because the high-income voters will know that the interests of the lower classes will not succeed in forming a government.\textsuperscript{254} This situation is expressed outlined in a paper by Jack Vowels on the 2011 election, where the parties chose not to cooperate formally. This anti-coalition behaviour is likewise thought to lower voter turnout.\textsuperscript{255} Taking into account statistics from the Social Report, 7.1% did not vote because they did not think their vote would make a difference. The Relative Power Theory has appeared tended to offer the most cogent explanation of the elections of 2011 and 2014. This is especially true for Christchurch East, Invercargill, New Plymouth, Waiairiki and Ikaroa-Rāwhiti.

\textsuperscript{250} Jamie-Castillo, p. 5.
\textsuperscript{251} Solt p 49.
\textsuperscript{252} Solt, p.54.
\textsuperscript{253} Solt, p.54.
\textsuperscript{254} Jamie-Castillo, p. 20.
\textsuperscript{255} Vowels, p. 22.
**Conclusion for voter turnout**

The data from the 13 voting districts has tended to reinforce the argument that $H_{II}$ has a significant adverse effect on voter turnout. 30.76% of the districts have demonstrated that regardless of an increase in $H_{II}$, there has been little effect on voter turnout. As regards the largest group of the districts, in 46.15% $H_{II}$ appeared to have encouraged voting, although over the period studied, an increase in $H_{II}$ seems to have led to lower voter turnout. In 23.07% of the districts, when $H_{II}$ decreased, voter turnout continued to decline. These results are significant in the sense that when $H_{II}$ is higher, there tends to be greater motivation for voting, although in the long term this may lead to some withdrawal from voting. The Relative Power Theory provides that this withdrawal can be explained by individual psychology: if an individual believes that his or her vote will not make a difference, he or she will tend not to vote. This is consistent with the results from *The Social Report*: 7.1% of New Zealanders who did not vote attributed their behaviour to their belief that their vote would not be heard. With the separation between income groups that income inequality breeds, it might be argued that there would be motivation to vote to achieve more redistributive policies and government intervention on behalf or specific groups. The data from this study has found the opposite, that income inequality tends to discourage voting.

**Hypothesis 1a: Does income inequality have a significant effect on party outcomes?**

This question has two elements. The first consists of a measure of right- and left-of-centre voting. The second element involves the relationship of $H_{II}$ and political party identities and policies in the 13 districts.

By way of analysis, I have grouped all parties according to conservative or liberal leanings. To categorise the parties, I relied on *Votecompass*, which is funded by Vox Pop Labs, TVNZ, the Electoral Commission, the University of Auckland, and Victoria University of Wellington. Their political categorization is based on the 2014 election. I have used categories for all of the election years because it can be contended that the parties have not changed ideologically very
much during this ten year period. I then found the percentage support for each party and placed it in the appropriate category. Below is a chart documenting the electoral party positions as of 2014.  

Table 5: Categories of New Zealand Political Parties

<table>
<thead>
<tr>
<th>Right-of-Centre (Conservative)</th>
<th>Left-of-Centre(Liberal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Labour</td>
</tr>
<tr>
<td>United Future</td>
<td>Green</td>
</tr>
<tr>
<td>Conservatives (2011)</td>
<td>Mana (2011)</td>
</tr>
<tr>
<td>ACT</td>
<td>Internet Party (2014)</td>
</tr>
<tr>
<td></td>
<td>New Zealand First</td>
</tr>
</tbody>
</table>

- 2005 – 15% of districts voted for conservative parties
- 2008 – 46% of districts voted for conservative parties
- 2011 – 53% of districts voted for conservative parties
- 2014 – 53% of districts voted for conservative parties

As displayed above, the support for the conservative parties has increased over the past four elections. The studies covered in Chapter Three argue that income inequality has an inverse relationship with voter turnout, and that the higher income earners are more likely to vote when inequality is high. Higher voter turnout by the wealthy would tend to lead to right-of-centre policies according to the studies cited in Chapter Three. From the results of left- and right-of-centre voting, it can be inferred that either more of the wealthy are voting or people are voting against their interests. Income inequality is high, and we have a tendency to push out the lower income group, preventing them from voting while encouraging the higher income groups to vote, and in turn, this has lead to more conservative, or right-of-centre, voting patterns.

256 Vote compass, How you fit in the political landscape, <http://nz.votecompass.com/results/?s=7b67920b2e8f974b28e22d7bf34f311e1df51d841473543025> [accessed 30 November 2016].
Taking this data a step further, I have examined patterns in contrasting districts in an attempt to establish if there has been a significant change in $H_{II}$, and whether $H_{II}$ exercises an effect on the outcome as regards particular parties. I noticed that parties that offered a higher level of redistribution did not appear to receive significant levels of votes from the public. From the districts this project surveyed, certain low-income groups tended to vote for Labour (a party that supports income redistribution more than does the National Party), and this was the case in Ikaroa-Rāwhiti, Waiariki and arguably Christchurch East. However, in a majority of the districts that have a predominance of low-income voters compared to the New Zealand average, the National Party tended to predominate, as in Hamilton East, Napier, Invercargill, Northland, and New Plymouth.

**Figure 7: Income inequality and Party Outcome for Christchurch East**


Christchurch East, from 2005 to 2011, saw a steady climb in $H_{II}$. Christchurch East had strong Labour support in 2005, with 53.44% of the vote, while National had 27.86%. In 2008, Labour gained 45.27% of the vote, and National had 35.7%. 2011 saw National take over the majority. Looking more closely at the years 2005 and 2011, $H_{II}$ was already on the rise for National. In 2005, the difference of
HII was 183%, while it was 188% in 2011. It was during these years that there was an increase in HII and a rise in support for the National party. Andre Freire’s research, covered in Chapter Three, found that citizens who supported more income equality tended to vote more to the left-of-centre.258 Theoretically, according to studies that do not employ this thesis, it can be argued that if HII is on the rise, the poor should be voting left-of-centre, that is, in favour of a party that places a higher value on redistribution. Such party preferences suggest that citizens are voting against their own immediate interests, as supported by the results from 2011 to 2014. When HII lowers, so does the vote for National. Frank Thomas suggests that the groups that might be predicted to vote left-of-centre are abandoning their beliefs in frustration.259 As noted in Chapter Two, Ansell and Samuels questioned the reasons that motivate poor to vote against greater redistribution.260 Several such reasons have been presented throughout this study. First, people generally think that get what they deserve, and are reluctant to ask for handouts. This coincides with reluctance to ‘blame' government for one’s position. An individual may also believe that although he or she is poor at the present time, this may not last, and, in fact, he or she, may be rich in the future, thus causing some reluctance to vote for redistribution policies. It could also be the case that the argument posed by Acterberg and Houtman is operative, that the poor are in competition with each other for work or even life in general, and that this creates a motivation to vote for right-of-centre parties.261 It could also be that HII is increasing, but that the population that it is affecting the most are preoccupied with financial struggles and do not consider politics a priority, or do not have sufficient resources to be concerned with politics.

Northland, New Plymouth, Mt Albert, Nelson, Palmerston North, and Taupō are similarly trending toward lower income districts, and yet voting consistently for political parties whose primary concerns do not align with their own. Another aspect to take into consideration is the overall rise in HII, and the increase in party vote for the Green Party. The votes for the Green Party continually increased, but not at a rate similar to that of the HII. This relationship between the growth of the Green Party votes and growth in HII would be

258 Freire, p. 317.
259 Frank, pp. 67-68
260 Ansell and Samuels, p. 7.
261 Acterberg and Houtman, p. 77.
considered to be stronger if the $H_{II}$ growth were more pronounced. Similar districts have had Labour in the lead and then, over the same time period, saw a change to a predominance of National Party voting. These include Mt Albert, Nelson, and Palmerston North.

Figure 8: Income Inequality and Party Outcome for Invercargill

The Invercargill voting district displayed a pattern unlike any of the other districts. The $H_{II}$ remained stable. In 2005, $H_{II}$ produced a difference at 185%; this was on a par with most of the other districts. However, unlike the other districts, it then declined to 169% between 2008 to 2011, and then went up to 188% in 2014. The party vote outcome in 2005 was a close between Labour and National. Over the next three elections, the difference between Labour and National grew, with National leading. The party vote outcomes are similar in Christchurch East, but interestingly, the $H_{II}$ data is not. This suggests that perhaps, $H_{II}$ was not significantly influencing party vote outcomes. Regardless of $H_{II}$, the vote for the right-of-centre was gaining momentum over these election years.

Before that conclusion can be drawn definitively, however, the two minor parties, the Green Party and New Zealand First, have to be factored into the equation. They have had interesting outcomes, and tend to support claims that $H_{II}$
is, in fact, a determinant of the party vote. When $H_{II}$ was high in 2005, New Zealand First received more votes than The Green Party. When $H_{II}$ was low from 2008-2011, the opposite occurred, with the Green Party receiving more votes.

When $H_{II}$ hit a high again in 2014, the New Zealand First party received more votes. It should be noted that these two parties stand in opposition to each other ideologically, as right-of-centre and left-of-centre parties, respectively. The right-of-centre party received more votes when $H_{II}$ was high, and the left-of-centre party received more votes when $H_{II}$ was lower. This highlights the concept that individuals tend to vote against their immediate economic interests.

With these minor parties producing a similar outcome to the Christchurch East voting district, $H_{II}$ underlines the fact that voters are leaning toward moral reasoning rather than immediate economic interests when casting votes. Voters are apparently also drawn emotionally to the political status quo, which favoured a National party majority.
Wellington Central has had a decrease in $H_{II}$. In 2005, $H_{II}$ in Wellington Central was one of the highest found in the districts chosen for this study, at 194%. At this time, Labour had a strong vote in Wellington Central. $H_{II}$ hit a low in 2008-2011 at 188% and started to climb again in 2014, reaching 191%. As the graph shows, $H_{II}$ then turned downwards, but the vote for National and the Green Party remained almost symmetric. The vote for the Green Party, meanwhile, was steady. Meltzer and Richard predicted that people with income below the medium would vote left-of-centre.\(^{262}\) Wellington Central, one of the highest earning districts (the average household income in 2013 was $109,500, much higher than the Northland district, which had an average of $79,200) is the exception to the Meltzer and Richard model; there is a noticeable vote for the left-of-centre. Chapter Three notes that in Portugal, citizens who favoured lower $H_{II}$ and more state intervention were more likely to vote left-of-centre.\(^{263}\) This is an opposite trend to that which we see in the majority of the districts in New Zealand. As $H_{II}$

\(^{262}\) Meltzer and Richard, p. 915.
\(^{263}\) Freire, p. 317.
increased by 2014, the difference between votes for National and The Green Party decreased. In 2001, this gap was 10.73%, and by 2014, the gap was 8.04%. These results indicate that when a district has a significant difference in HII, the public notices the income difference, and exercise their voting rights in favour of a left-of-centre party, ostensibly to counteract the trend and to support a party with redistributive policies. Although this district saw a decline in HIII, then, there was an increase in votes for the left, suggesting that once a district reaches a certain level of HII difference (Wellington Central's 2014 HII difference was 191% compared to all the districts average of 181%), the public tends to react, displaying their disagreement through the means of voting for a left-of-centre party.

Mt Albert is also one of the districts that has seen more support for a left-of-centre party. This district also experienced an increase in HII. It may be similar to Wellington Central in that it is a higher earning district and the public is may have begun to disagree with the situation regarding the HII (Mt Albert's 2014 HII difference was 184%, compared to the average of 181%). Mt Albert and Wellington are the only districts that agree with the studies cited (when HII increases, there is an increase in voting to the left, ostensibly for a greater focus on redistributive policies).
HII grew in this district, with a substantial increase from 2005 to 2008/2011, but then dropped in 2014. This district had a strong vote for left-of-centre parties and has always been a strong supporter of Labour. Interestingly, however, the vote for Labour and the Māori Party both decreased. This district was difficult to measure because the vote for the Mana Party increased as the party became more established. Furthermore, this district gave considerable support to the New Zealand First Party, ideologically almost the complete opposite to Labour and the Māori Party. It is curious that New Zealand First received the significant number of votes that it did. It could be that the decline in this district of HII in 2014 led the district to consider more right-of-centre politics, even though it has been a solidly left-of-centre district. This is reminiscent of the arguments raised in the book, *What's the matter with Kanas*, as regards voters who cast their votes against their own immediate economic interests.\(^\text{264}\) The rise of HII coincided with a trend towards right-of-centre party voting. It is also possible, however, that votes from Labour and the Māori Party were moved to the Mana Party, a decidedly left-of-

\(^{264}\) Frank, pp. 1-5.
centre party. Wairarikai is a district comparable to Ikaroa - Rauwhiti which appeared to be following a similar voting trajectory.

**Figure 11: Income Inequality and Party Outcome for Hamilton East**

Hamilton East showed a decrease in $H_{II}$. In 2005, $H_{II}$ was at its highest level for this district out of the election years covered. When $H_{II}$ was greater, there was a higher vote for Labour, and also for United Future. This sits comfortably with Meltzer and Richard's prediction that people with income below the average will vote more left-of-centre parties to reap the benefits of redistributive policies.  

At the time that $H_{II}$ was high, redistribution policies may have been more pervasive. Ana L. De La O states that ‘poor masses in unequal societies should vote for parties of the left that promise confiscatory levels of taxation and redistribution’. This district shows just that. A higher level of left-of-centre voting when $H_{II}$ is high. Analysing Freire's ‘Cleavages, Values and the Vote in Portugal, 2005-09’, the citizens who favoured an equal income distribution were more likely to vote left-of-centre. Over the elections in New Zealand, $H_{II}$

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265 Meltzer and Richard, p. 915.
266 De La O, p. 438.
267 Freire, p. 317.
declined as did the vote for Labour. It seems that as $H_{II}$ was less apparent, and the
vote for the left-of-centre also struggled. The Green Party support developed,
which perhaps indicates that a minority of the population were seeing $H_{II}$ as a
social issue, although perhaps not yet one of national interest. Since this district
saw a decline in $H_{II}$, a vote for the right-of-centre was perhaps covering all
individual interests, and individuals might have felt fairly content with where $H_{II}$
was been sitting, even if it was trending downwards. Napier was a district that
also saw similar trends with nearly all parties showing a similar pattern.

**Conclusion: Party Vote**

These results suggest that $H_{II}$ has a significant effect on New Zealanders as
regards their voting preferences. Specifically, it tends to encourage them to vote
against their immediate economic interests. They have tended to vote
(inappropriately) for right-of-centre parties when their own objective interests
would appear to favour redistributive policies. Most electoral districts have
displayed an increase in $H_{II}$. New Zealand, in fact, has manifested a similar
pattern in this regard to that of Kansas in the 1980s and 1990s, as described in
Thomas Frank’s work, and has similarly adopted a stubborn refusal by its less
wealthy voters to support their own immediate economic interests by voting for
redistributive policies and left-of-centre political parties. Where left-of-centre
voting was once common among the less wealthy, increasingly, even as the less
wealthy group is increasing, voting is favouring the right-of-centre. Does this
represent a lack of faith in New Zealand's political system? Is it becoming
apparent that the less wealthy see themselves as eventually becoming wealthy
themselves, and are therefore voting in their future interests? These results have
highlighted contrasting possible explanations, and have opened the door to further
analysis.

**Hypothesis 1b: Does unemployment have a significant effect on voter turnout?**

Extending the studies cited in Chapter Two on unemployment and voter turnout,
there are several contrasting conclusions, or hypotheses, that might be offered:

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268 Frank, pp. 1-5.
employment increases voter turnout; unemployment increases voter turnout; employment status does not affect voter turnout.

From the districts studied, two conditions have been duly noted: employment can and often does decrease voter turnout. This situation has occurred in 76.92% of the districts. The second is that unemployment can and does increase voter turnout.

**Figure 12: Unemployment rate and Voter Turnout in Waiariki**

![Graph showing the relationship between unemployment rate and voter turnout in Waiariki.](source)

In 2005, the Waiariki voting district showed a close relationship between voter turnout and unemployment. As the elections continued, a formerly small gap between the variables widened, while both variables continued to decrease. With greater levels of employment, there was a decrease in voter turnout. Again, citing from Chapter Two, it was difficult to find studies in this area, although there were stronger claims that employment tends to encourage voting. As regards this district, as well as other districts such as Napier, Nelson, Christchurch East, Hamilton East, New Plymouth, Palmerton North, Wellington Central, Ikaroa-Rāwhiti, and Invercargill, there is a good deal of support for this argument that increasing employment encourages voter turnout.
Charles and Stephen's research, however, found that rising employment levels may actually reduce voter turnout if exposure to political information increases the individual's uncertainty regarding the nature and likely outcome of an election. It may, in this sense, lower voter turnout. This research seems to have been valid only at a local level, however. Presidential elections provided greater exposure, and thus rendered employment irrelevant as a causal variable. It could be that in New Zealand this observation is valid regarding our national elections, at least in most of the districts studied. Data suggests, at any rate, that higher employment levels are associated with lower voter turnout.

Adequate employment and workplace enjoyment may produce little motivation for voting. As discussed above, being exposed to discrimination at work or witnessing a situation wherein someone is made uncomfortable in the workplace may in some cases encourage someone to vote in the interests of changing the system. On the other hand, enjoyment in the workplace, or satisfaction with employment, might well discourage voting, at least voting to change the system.

269 Charles and Stephens, p. 27.
Taupō, Mt Albert and Northland between 2005 and 2011 seemed to indicate that when unemployment is high, so is voter turnout. In 2014, employment seemed to be ‘causing’ lower voter turnout. However, the two elections, 2005 and 2008, clarify the changes that happened in the election in 2014.

Lipset’s argument, outlined in Chapter Two, stated that “groups subject to economic pressures with which groups cannot cope, such as inflation, depression, monopolistic exploitation, or structural changes in the economy, might also be expected to turn to government action as a solution and to show high voting average”. 270 It is in these times that the individual may be voting to gain governments support, whether that be through redistributive policies or the creation of new jobs, the individual is depending upon government to help him or her, and probably – as research has suggested - blames the government for social hardship. This blame acts as a triggering mechanism, causing individuals to vote, especially when unemployment levels are high. This arguably happened in 2005-2008, and this trend continued in 2014 – although with less unemployment – the government was no longer blamed, and thus the individual motivation to vote for left-of-centre parties and redistributive policies was gone.

270 Lipset, p. 192.
Times of economic hardship caused by unemployment, then, can be seen to function as motivation to vote, and to vote in specific patterns. Taupō demonstrated this causal relation clearly when unemployment was high. A great many citizens turned out to vote, and voted for redistributive policies and parties. When unemployment decreased, voter turnout declined. The graph suggests that there is a balance between lower unemployment and lower participation in voting. When there are more jobs, there is lower voter turnout and less motivation to vote.

**Conclusion: Unemployment and Voter Turnout**

Of the 13 districts studied, a majority displayed that when employment was high, voter turnout was low. With the three districts that did not support this finding, Taupō, Mt Albert and Northland, high unemployment was accompanied by high voter turnout. Most of the studies cited in this thesis agree that when unemployment is high, individuals will tend to seek government intervention, and this creates or accompanies the motivation to vote. As unemployment lessens, voter turnout tends to drop. In New Zealand, voters apparently blame the government for the lack of employment, and are thereby motivated to vote. In the past, when they voted in this way, they tended to receive jobs, or the economy grew, providing jobs, and they thereby settled their primary grievance, eventually and subsequently deciding that voting was no longer necessary, so that by the 2011 and 2014 elections voter turnout dropped. A majority of the districts already seemed to be at this point in 2005, with 10 out of 13 manifesting high employment and lower voter turnout. As employment levels have been rising, voter turnout has continued to drop.

**Conclusion**

This chapter has used empirical data to analyse the theoretical arguments in Chapters Two with reference to 13 electoral districts in New Zealand over a decade and four national elections. The findings support the view that $H_{II}$ has an inverse effect on voter turnout, taken as a whole. This lower voter turnout among less wealthy citizens is the result of not believing that their vote would make a difference. From the voting that is occurring, there appears to be a clear preference for right-of-centre parties. The gap in $H_{II}$ is becoming larger in a
majority of the districts, and with the vote trending towards right-of-centre parties in most districts, it is not an exaggeration to suggest that citizens are increasingly voting against their immediate economic interests. While employment has been increasing over the period that this study examines, and voter turnout is decreasing, this confusing trend may only be showing that New Zealanders have blamed the government for the lack of good jobs in early 2005, had the motivation to vote, received a job (of some sort) and thereby seemingly lost the bases (or most of the bases) of their grievances with the government. Although New Zealand has a high employment rate, \( H_{II} \) is rising, as are lower voter turnout rates, which are pushing individuals who do vote to vote against their immediate economic interests. This research is admittedly limited, having only examined 13 districts out of a possible 64. My findings in this chapter could not hope to uncover the overall patterns in New Zealand, nor could it explain declining voter turnout across the entire country. However, what these results do seem to say is that voter turnout is affected by many different variables, and that there is the potential for household income inequality to influence individuals very directly, and very personally, in their decision as to whether or not to vote.

Chapter 7: Conclusion

This thesis has examined income inequality and unemployment as potential causal variables in an attempt to understand why voter turnout has been declining in New Zealand. These variables were used in a longitudinal analysis from 2005 to 2014 with 13 comparative and contrasting local electoral districts in New Zealand, a country once regarded as one of the most egalitarian societies in the world, and ranked only 23rd out of 34 countries on the OECD measure of income inequality in 2012. Sadly, it has continued to drop since then, with "New Zealand [having] the largest increase in income inequality of all the OECD countries since the mid-1980's...". Of particular relevance to this study, of the top 20% of income earners in New Zealand over the period studied, 86% voted in the NZ national elections.

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272 Gunasekara, Carter and Mckenzie, p. 211.
compared to the bottom 20% of income earners, where only 75% voted.\textsuperscript{273} When New Zealander’s were asked why they did not vote, the \textit{General Social Survey} found that 28% of individuals who did not vote also did not feel they had enough money to meet everyday needs, compared with only 12% who responded that they had enough money but nevertheless chose not to vote.\textsuperscript{274} New Zealand’s uniquely rapid growth in income inequality follows a long history of unparalleled income equality, and therefore represents a striking and traumatic societal change. This pattern developed after the 1980’s, and a pervasive series of economic reforms initiated by a Labour Party government after the collapse of the country’s close post-colonial economic ties with the UK.\textsuperscript{275} After nearly a decade of consequent political struggles, there was support for a change to the political system, and this soon emphasised voting procedures. The change from FPP to MMP was a reflection of the changes New Zealand experienced and the growth of inequality. The nation was in a period of struggle, and this was accompanied by disillusionment and disengagement. This thesis has examined the causes of this disengagement in voting behaviour, with special attention to income inequality and unemployment as potential causal variables. I sought to explain documented voting disengagement in New Zealand over the past decade by exploring three relevant questions and testing three related hypotheses:

Hypotheses 1: When household income inequality has risen, voter turnout at national elections has dropped.

Hypothesis 1a: When household income inequality rises, the National Party receives more votes on the national level.

Hypothesis 1b: When unemployment rises, the rate of voter turnout increases.

This chapter concludes with the results of the three hypotheses:

\textsuperscript{273}OECD, ‘New Zealand’.
\textsuperscript{275} The UK cancelled its favoured agricultural relationship with New Zealand when it entered the protected agricultural arrangement of the European Union, necessitating a complete revamping of the New Zealand economy.
Hypotheses 1: When Household Income Inequality has risen, Voter Turnout at National Elections has Dropped

Throughout my research on 13 voting districts, I found that HII does appear to have a significant effect on voter turnout. 46.15% of the districts seemed to show that high levels of HII encouraged voting, although over a period of four to eight years of continuing rises in HII, this effect declined, as did voter turnout. This led to the conclusion that HII has a significant inverse effect on voter turnout. In other words, poor citizens will refrain from voting, assuming that their voices will have little influence. A comparison of these findings with those of the General Social Survey, which reveal that 7.1% of New Zealanders did not vote in the 2008 and 2011 elections, apparently because they did not think their votes would make a difference, and 28% of New Zealanders apparently did not have enough money to make ends meet, my findings, then, can be recast to fit a relatively straightforward argument: participation in politics is more likely to be driven by relative income. This is supported by the Relative Power theory, and, as well, by Solt’s study, which produced a trend line that demonstrated that inequality will tend to have an inverse relationship with voter turnout except as regards higher income earners, who tend to vote in greater frequencies as inequality rises, ostensibly to protect their interests. This trend was evident in a majority of the districts in New Zealand. Again, simply stated, as income inequality grew, a vote for right-of-centre political parties became more apparent.

Hypothesis 1a: When Household Income Inequality Rises, the National Party receives more National Level

With an increase in income inequality, given Solt’s study demonstrating that the wealthy are more likely to vote under these circumstances, there is a higher likelihood that right-of-centre (that is, anti-redistributive) political parties will

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277 Goodin and Dryzek, p. 274.
278 Solt, p. 49.
benefit electorally. One of the less wealthy districts, Ikaroa-Rāwhiti, in 2014 had a 66% voter turnout rate compared with the most wealthy district, Wellington Central, which had an 85% voter turnout. These results point to a decline in voter turnout in the less wealthy districts, with an increase in voting among the wealthy, and thus a significant increase in voting for right-of-centre political parties. In 2005, 15% of the districts voted in the majority for a right-of-centre party; by 2014, 53% of the districts had voted in the majority for a right-of-centre party. It is apparent, based on our data, that citizens who prefer right-of-centre political parties tend to have higher incomes and are more likely to vote. This pattern is reinforced in our results, with some minor exceptions in the two wealthiest districts, which, although voting a right-of-centre party into government, also had a higher vote for the left-of-centre parties than the districts of average income.

This thesis did not use income as a variable, but rather $H_l$, the contradicting theory to the above, that is, that citizens are in effect frequently voting against their immediate economic interests, e.g., the less wealthy tend to vote for right-of-centre (anti-redistributive) parties. This observation is supported in the higher earning districts as well, where there was a substantial vote for left-of-centre (pro-redistributive) parties compared to the lower income districts. It could be that Wellington and Mt Albert are districts that tend to favour left-of-centre parties because income inequality is higher than average, and citizens there want a change. In the Meltzer and Richard model, in which the less wealthy are expected to vote for left-of-centre parties, Wellington Central and Mt Albert might be expected to see a change in the the near future. At any rate, income inequality has led to lower voter turnout in New Zealand in the recent past, and to support for right-of-centre parties. In any event, the Meltzer and Richard study speculated that “If fewer people vote, then relatively more rich people vote, so median voter income will be larger, which decreases taxes (meaning lower redistribution).” 280 A further response to answer question 1a, then, will simply require additional research into income and education levels. I have attempted to show that with an increase in $H_l$, support for right-of-centre parties rises, although this conclusion is difficult to affirm without additional (and more specific) data involving income and education as variables.

280 Horn, p.15.
Hypothesis 1b: When Unemployment Rises, the Rate of Voter Turnout Increases

The findings from Hypothesis 1b supported the null hypothesis. It seems that when employment rises, voter turnout declines. I found that as unemployment in the districts in New Zealand that I examined decreased, so did voter turnout. Only 23.07% of the 13 districts supported the hypothesis that when there was higher unemployment, there was higher voter turnout. The New Zealand General Social Survey found that 35.2% of unemployed people did not vote, as compared with 17.8% of those in the labour force who did not vote. Rosenstone found that those who are unemployed tend to be worried about immediate life necessities, and voting is seldom a priority.

Unemployment is often said to be paired with a breakdown in relationships with co-workers and friends, and in turn tends to cut off political dialogue and engagement. As Rosenstone wrote, "when a person experiences economic adversity his scarce resources are spent on holding body and soul together – surviving – not on remote concerns like politics". Another concern involving the unemployed has to do with an emotional issue: blame. Is it attributed to shortcomings in the individual him or herself? Is it something that must be resolved individually? Is it attributed to the government, and can voting be used as a way to address the resultant frustration? Aytac, Rau, and Stokes found that the longer an individual is unemployed, the more likely he or she is to blame the government for the unemployment. H1b displayed a pattern that seems to attribute blame to the government, and thus explains higher voter turnout. The trend that the data reinforced was that when employment was high, voter turnout was low. Throughout the districts over the election years when unemployment was high, voter turnout was high, when unemployment declined, voter turnout declined as well. Individuals apparently sought out government intervention, and when this was received, satisfactorily or not, voter turnout declined.

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281 Ministry of Social Development, p. 154.
284 Aytac, Rau, and Stokes, pp. 1-35.
Implications of Declining Voter Turnout

A view of all of the data of this thesis taken as a whole points to a causal link between the three major variables. When income inequality and employment levels are high, there tends to be a decline in voter turnout, and greater electoral support for right-of-centre (anti-redistributive) political parties. There are at least two major inferences that can be drawn from the decline in voter turnout. One is that lower personal incomes may signal a decline in voter turnout. Second, rising employment levels may actually serve to disengage citizens from the process of voting. Neither of these possible outcomes seem favourable from a democratic perspective. I will now briefly address what I believe to be possible and appropriate remedies by way of conclusion.

Income inequality is, in effect, a person's financial standing in society, and hinders democracy by blocking full participation in that society and limiting a sense of belonging.\(^{285}\) The more obvious that this is, the more that an individual may feel that they do not have enough income compared to others. This feeling apparently leads all too often to anger, and a sense that the government is a hostile and alien system. Anger, in this context, may be a political motivator. However, the outcome is likely to be the opposite. Individuals who have withdrawn from voting, who blame themselves, and not the government, for their circumstances, and are paired with others who do not believe that their vote will make a difference, become joint participants in a large-scale decline in voter turnout. Although it is more likely that many of them simply cannot support themselves because the system is failing economically, and because redistributive polices are ineffective, the subjective impressions become ‘reality’, voter turnout continues to decline, right-of-centre parties continue to prosper, and inequality grows. The trend toward greater income equality must, in this view, be recaptured, either by redistributive policies (progressive taxation), or by ‘growing the pie’ with redistributive salary schedules. Admittedly, these strategies are far from reality in the current global and national settings.

\(^{285}\) Rashbrooke, p. 10.
Addressing the problems of lower voter turnout and inequality through employment is particularly tricky. New Zealand’s employment law already offers two hours of paid leave for voting. Voting could be made easier by online voting, which could be made available in the workplace; voting hours would not be as limited for many people. Increased education is probably needed as well, such that citizens are given greater awareness of the importance of voting. Workplaces might be incentivized to encourage voting, although, again, this could easily be abused.

Limitations and Areas for Further Research

This study employed both qualitative and quantitative approaches. Limitations included its scale: only four nation elections and 13 electoral voting districts (out of a possibility of six-four) were examined. The statistics in this study were reproduced from *Statistics New Zealand* with time period changes in the Census. Employment data also imposed limitations: employment is measured from the age of 15 years old in New Zealand, while voting is recorded from 18 years of age.

Additional variables, such as education levels, and personal income levels, would have been helpful, and will be considered in future research. Face-to-face interviews would also greatly enhance a study of this sort, and will be considered in future research. Finally, it is clear that income inequality is physically and emotionally ‘unhealthy’ for a for society. Given that income inequality has been increasing at levels higher than the international average, this question requires much greater examination in the context of New Zealand. Voter turnout, although greater than the international average, has been slowly declining in New Zealand. Participation in politics is arguably driven by income. Income differences are hindering full participation by limiting it to the economic elite, the wealthy.

---


287 There is room for human error. The four national elections and data that this thesis covered were subject to a national emergency from the Canterbury earthquake which postponed the general Census from 2011 to 2013. This results in the Census being taken in 2006 and in 2013 (as opposed to 2011) because the data was spread over a long period of time, this resulted in higher jumps for income groups.
Goodin and Dryzek argue that the more that economic power is concentrated within that elite, the more the bottom income earners will withdraw from electoral voting. Inequality, then, ultimately means unhealthy and unequal politics, and in this sense our national politics are increasingly challenging the fundamental principles of democracy: equality and freedom.

288 Goodin and Dryzek, p. 274.
Appendices

Appendix 1: Household Income Inequality and Voter Turnout

Christchurch East


Hamilton East

Invercargill


Mt Albert

Napier


Nelson

New Plymouth


Northland

Palmerston North


Taupō

Wellington Central


Ikaroa-Rāwhiti

Waiariki

Appendix 2: Party votes and Household Income Inequality

Christchurch East

![Graph showing percentage of votes and percentage of difference in household income inequality for Christchurch East, with data from 2005 to 2014.]


Hamilton East

![Graph showing percentage of votes and percentage of difference in household income inequality for Hamilton East, with data from 2005 to 2014.]

Invercargill


Mt Albert

Napier


Nelson

New Plymouth


Northland

Palmerston North


Taupō

Wellington Central


Ikaroa-Rāwhiti

Waiariki

Appendix 3: Household Income Inequality and Unemployment rate

Christchurch East


Hamilton East

Invercargill


Mt Albert

Napier


Nelson

New Plymouth


Northland

Palmerston North


Taupō

Wellington Central


Ikaroa-Rāwhiti

Waiariki

Appendix 4: Permission to use graph from Treasury

From: Logan Allen (CASS) <logan.allen@cass.govt.nz>

Sent: Tuesday, 7 February 2017 2:57 p.m.
To: charlottemugg@hotmail.com
Subject: Permission to use a Treasury working paper

[UNCLASSIFIED]

Hi Charlotte,

You are permitted to use the graph from the working paper as long as you credit the author, you can do by using the following below the graph:

Source: Treasury working paper 00/13 (Des O’Dea)

Regards,

Logan

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2. also use, dissemination or copying of this email is strictly prohibited and may be unlawful.

From: Charlotte Muggeridge <charlottemugg@hotmail.com>
Sent: Saturday, 4 February 2017 1:57 p.m.
To: information@treasury.govt.nz
Subject: Permission to use a Treasury working paper

Hi there

I am completing a Masters thesis on income inequality, Voter Turnout and Employment in National Elections from 2005 to 2014 in New Zealand

I would like to use a graph in a Treasury Working Paper, referenced, 00/13.

The paper is titled: THE CHANGES IN NEW ZEALAND’S INCOME DISTRIBUTION by Des O’Dea. I have tried to email Des but the email address does not seem to work.

The graph I would like permission to use is Growth in New Zealand Income Inequality, Relative to other Countries, 1970s – 1990s: Equivalent Disposable Household Income, on page 26.


Could I please, by return email, have permission to use this graph, or have the contact details for Des O’Dea?

Thanks kindly,
Charlotte Muggeridge
027 8143830
Ki o ra, Charlotte

Thank you for your email.

The data from the electorate profiles can be used within the parameters of the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Parliamentary Library and abide by the other licence terms. To view a copy of this licence, visit: https://creativecommons.org/licenses/by/4.0/ (this licence supersedes the version 3 licence as it appears on the 2014 electorate profiles: http://creativecommons.org/licenses/by/3.0.nz/).

Also, please bear in mind that the electorate profiles include customised Statistics New Zealand’s data and content produced by the Electoral Commission all of which is licenced for re-use under the Creative Commons Attribution 3.0 New Zealand licence.

This copyright information is available at the bottom of each electorate profile PDF.

I hope this information is helpful.

Kind regards,
Bridge

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Charlotte muggeridge
Yesterday, 10:26 p.m.
parliament.information@parliament.govt.nz

Hi there

I am completing a master’s thesis on Income Inequality, Employment and Voter Turnout from 2005-2014 in New Zealand.

I would like to use some of the information and data within the electoral profiles from 2005 to 2014.

Can I please, have your permission to use this data?

Thanks kindly,
Charlotte Muggeridge
027 814 9836.
Appendix 6: Permission to use graphs in, Bryan Perry, *Household incomes in New Zealand: Trends in indictors of inequality and hardship 1982-2014*

From: Bryan Perry <bryan.perry001@msd.govt.nz>
Sent: Tuesday, 7 February 2017 11:20 a.m.
To: Charlotte Muggridge
Subject: Re: Permission to use graphs and tables in ‘Household incomes in New Zealand: Trends in indicies of inequality and hardship 1982-2014’

Hi Charlotte

Yes, go ahead, and all the best with your thesis.

I have updated the report to which you refer - came out in August 2016. May not be relevant as your thesis goes only to 2014, but you can use material from the update too if needed.

Regards,

Bryan


From: Charlotte Muggridge (mailto:charlottemugg@hotmail.com)
Sent: Saturday, 4 February 2017 1:23 p.m.
To: Bryan Perry
Subject: Permission to use graphs and tables in ‘Household incomes in New Zealand: Trends in indicies of inequality and hardship 1982-2014’

Hi Bryan


The graphs and tables I would like to use are;

1. Where does your household fit in the overall household income distribution BHC? reference: 8.4A page: 32
2. Where does your household fit in the overall household income distribution BHC? reference: 8.4B page: 33
3. Shares of total income by decile HES 2013? reference 8-4 page: 40
4. Real equalised household income (BHC) decline boundaries (2014, NZ dollars) reference D2 page: 62
5. The income wealth-consumption-material wellbeing framework use in report, reference A.1 page: 4

Could I please, by return email, have your permission to use your graphs and tables?

Thanks kindly,

Charlotte Muggridge
027 8143830
Appendix 7: Permission to use graphs from the Ministry of Social Development

From: Research_Access_Coordinator (MSD) <Research_Access_Coordinator@MSD.govt.nz>
Sent: Tuesday, 7 February 2017 12:04 p.m.
To: Charlotte muggeridge

Hi Charlotte,

Thanks for emailing. It is fine to use information and graphs from ’The Social Report’ as long as you attribute the work to the Ministry, as per the copyright terms below. I am reference in written form. Best wishes for your Master’s thesis.

Kind regards,

James

From: Charlotte muggeridge <mailto:charlottemugg@hotmail.com>
Sent: Saturday, 4 February 2017 1:28 p.m.
To: Research_Access_Coordinator (MSD)

Hi there

I am completing a Master’s thesis on Income Inequality, Voter Turnout and Employment in National Elections from 2005 to 2014 in New Zealand.


Ministry of Social Development: The Social Report 2016 ...

socialreport.msd.govt.nz


The graphs I would like to use are:

1. Unemployment rate from 1986 to 2014, referenced as PW1.1 page: 104
2. Proportion of estimated voting-age population who cast votes, 1984 - 2014, referenced as CP1.1 page: 154

In the report on page 2 have noted that it states the following:

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Could I please, by return email, have permission to use these graphs?

Thanks kindly,

Charlotte.

0278143830
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