



# The Consequences of Electoral Reform in British Columbia

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# Executive Summary

Electoral reform has been a recurring theme over the past two decades in British Columbia. On November 30, 2018, the province will begin counting the postal ballots on the third referendum on the subject. This series of essays written by Lydia Miljan, Taylor Jackson, and Geoffrey Alchin, reviews the referendum process starting with best practices for designing a ballot question and ending with the consequences of proportional representation on the size and composition of legislatures, as well as the fiscal policy impacts.

The first essay, “**Designing a Referendum Question for British Columbia,**” reviews the precedent and good practices that have been established in Canada and by several international organizations on the crafting of referendum questions. Based on that, the essay determines the kind of referendum question that will have the greatest legitimacy. The consensus for referendum questions is that:

- they be clear
- they not be biased, which would lead to a specific result
- they show no favouritism as to the outcome
- electors must be informed of the effects of the referendum
- voters must be able to answer the questions solely with a yes, no, or blank vote.

To ensure a meaningful and legitimate mandate, the essay recommends that the BC government follow the New Zealand example and have two referenda on electoral reform. Referendum 1 would have two questions: the first would ask whether there is an appetite for change; the second would ask which system the public would like to change to. Referendum 2 would offer a choice between the existing system and a new electoral system that has been developed for British Columbia. (The latter option would contain all details including electoral boundaries and rules regarding coalition and minority governments.) By separating the question of reform from the type of system, the government will have the information it needs to proceed with a new electoral system should voters opt for a change.

The second essay, “**Proportional Representation in Practice: An International Comparison of Ballots and Voting Rules,**” finds that any

replacement of BC's current First-Past-The-Post (FPTP) electoral system with a form of Proportional Representation (PR) will require trade-offs, an understanding of the impact that such changes will have on the way votes are counted, and what impact the new system may have on the legislature and the party system.

The essay looks at the institutional characteristics of three systems that are potential replacements for the simple plurality or FPTP system: Party List Proportional, Mixed Member Proportional (MMP), and Single Transferable Vote (STV). There are undeniable strengths in each of the three systems, but all are found wanting in British Columbia given the province's political realities. Replacing BC's current FPTP electoral system will require trade-offs from both voters and elected officials and both will also need to clearly understand the impact that such changes will have on the way votes are tallied and apportioned to each party.

The third essay, "**The Impact of Proportional Representation on British Columbia's Legislature and Voters,**" finds that changing British Columbia's voting system to a form of proportional representation would give rise to smaller, single-issue parties, would lead to more coalition governments, and would increase uncertainty in Victoria. The paper uses an analysis of election data from 30 countries between 2000 and 2017 and finds that PR systems have more minority governments, more political instability, more polarization, and more frequent elections than systems where elections are determined by simple plurality or FPTP. Despite claims by its proponents to the contrary, PR electoral systems often lead to poorer representation of voters' views, while also making it more difficult for citizens to hold their politicians to account.

The final essay, "**Electoral Rules and Fiscal Policy Outcomes in British Columbia,**" demonstrates an intermediary effect of electoral systems: the number of political parties elected. The higher number of elected parties under PR electoral rules—and thus a more fragmented legislature—also leads to a much higher probability that a coalition government will need to be negotiated and formed. Smaller or even fringe parties in PR systems are able to wield a disproportionate amount of power at the expense of the preferences of the majority of voters who did not cast a vote for such parties.

Countries with PR electoral systems have average central government spending of 30.3 percent of GDP compared to 23.7 percent for countries with plurality/majoritarian election rules. These findings are confirmed by a well-established literature which has also found that governments that are elected with PR electoral rules tend to have higher levels

of government spending than governments elected using electoral rules similar to BC's.

The tendency of PR electoral systems to elect coalition governments is a serious consideration when weighing the benefits and costs of various electoral systems. Plurality or majoritarian electoral systems such as the system BC currently has, by contrast, typically elect single-party majority governments. The literature clearly suggests that a move from BC's First-Past-the-Post electoral system to a PR system would likely increase both government spending and deficits.





# 1. Designing a Referendum Question for British Columbia

by Lydia Miljan and Geoffrey Alchin

## Introduction

The British Columbia (BC) government demonstrated its commitment to proportional representation (PR) with Bill 6, the Electoral Reform Referendum 2018 Act. In its haste to proceed with electoral reform, the government adopted an expedited timeline. The public has until February 28, 2018 to submit views on multiple issues: “ballot design, choice of voting systems included, and public funding distribution during the referendum campaign period” (British Columbia, n.d.). While the BC government has stated that a referendum will be held by November 18, 2018, it left the wording of the question open to consultation with the public. Premier John Horgan has said that the 2018 referendum will probably be the province’s last one on this subject (Meissner, 2017). This paper explains why the government must slow down its electoral reform process. Moreover, in order to have a legitimate consultation with the public, the government should adopt a two-part referendum that first asks BC voters if they want a change at all, and then, if the first question indicates that they do, which specific electoral system they want. This process is preferable to asking for a straight vote on the proportional system. This two-part strategy would also give voters the opportunity to make educated choices based on fair debates.

Referenda are important tools for government; they ensure that major changes have the consent of the governed and provide the necessary legitimacy for the government to act. As some scholars have noted, referenda have become more common in places where they have previously been used rarely (Bowler, Donovan, and Karp, 2002). British Columbia is leading the trend by organizing a third referendum in 15 years on the issue of electoral reform.

This paper examines key issues regarding the legitimacy of referenda in general, but with special attention to the wording of the ballot. It considers past electoral reform referenda in Canada and abroad. It also explores issues regarding the legitimacy of referenda by giving examples of the wording used on ballots in previous referenda and plebiscites, particularly on the compelling example from New Zealand. Finally, the paper recommends both the wording for the referendum question and the rationale for a second referendum on a specific electoral system.

## **The legitimacy of a referendum**

Even though British Columbia has already had two different provincial referenda this century—as has Prince Edward Island—referenda are generally rare. Compared with other jurisdictions, Canada has limited experience with direct democracy. Indeed, the Westminster form of government has an uneasy relationship with direct democracy. In the traditional sense, Parliament is supreme, which means that once legislators have been selected, they have the last say in matters of policy. As a result, early forays into referenda were consultative, and are more accurately described as plebiscites. Technically, most referenda in Canada have been plebiscites, meaning that they were non-binding. Nonetheless, governments and citizens often refer to any direct question placed before the public as a “referendum.”

The rare times that Canadians have answered referenda were on questions regarding the constitution and electoral reform. The Conscription Plebiscite in 1942 was an outlier as it asked Canadians whether the government should be held to their election promise of no conscription. The most studied referendum question in the world is that determining secession in Quebec. In 1992, Canadians were also asked to support the constitutional package known colloquially as the “Charlottetown Accord.” Canada has proven to be rich ground for analysis of the vote and is often mentioned in discussions on matters concerning the legitimacy of the vote.

Using a referendum to answer the question of democratic reform has been well established by precedent and convention (Dutil, 2016). At its core, a referendum addresses the common sense need to consult with the public for changes regarding the fundamental rules that determine who governs. It is generally agreed that changes to these institutional rules by which representatives are selected should be done infrequently. The fact that representatives themselves can alter who wins and who loses puts legislators in a conflict of interest (Bowler, Donovan, and Karp, 2002). Therefore, the convention of asking the public to give their input on the matter ensures that changes don’t just happen for political advantage or because of a one-off election result.

In BC's current political climate, the NDP and Green parties have both committed to electoral reform in their confidence and supply agreement. However, if the government proceeded to change the legislation without public input, the legitimacy of the reform would be questionable. If a subsequent election, even one held under the new rules, resulted in a different party (or combination of parties) holding power, they could easily change back to the current system, or indeed, some other system, without the same consultative process. The overall result could be frequent changes to rules and an undermining of the whole system. Previous attempts to change the electoral system in BC by this means resulted in both the unintended consequences of a different government holding power than what the legislators intended, and a quick return to the traditional voting system (Jansen, 2004).

All Canadian provinces have held non-constitutional referenda on various issues, but they do so only rarely. In total, since Confederation there have been only 50 provincial referenda and plebiscites. More specific to this discussion is that since 2003, five provinces and the federal government have engaged in the question of whether to change the electoral system and three provinces have conducted either binding or non-binding referenda to answer that question, in some cases going to the polls more than once to do so. As table 1 shows, PEI, BC, and Ontario took the question to the public, while New Brunswick, Quebec, and the federal government chose to keep the current system without further public consultation.

Clearly, the demand for electoral reform is not great and public dissatisfaction with the current electoral system was not the reason that past governments promised electoral reform. As Ken Carty states, "In no case were the promises made because the issue was central to the competitive electoral process or because more than a few reform enthusiasts were generally concerned (or even knowledgeable) about it" (Carty, 2017: 9). This was underlined in the most recent mandate letter for the federal minister of Democratic Institutions. It stated, "A clear preference for a new electoral system, let alone a consensus, has not emerged. Furthermore, without a clear preference or a clear question, a referendum would not be in Canada's interest. Changing the electoral system will not be in your mandate" (Trudeau, 2017).

In the past, BC's appetite for changing the electoral system was a result of several lopsided election results. In 1996, the NDP won a majority even though they had a lower percentage of the popular vote than the Liberals. The Liberals argued at the time that the result was because of the electoral system and that in the future they would investigate changing the rules to prevent a similar outcome. The Liberal return to power in

**Table 1: The Canadian Electoral Reform Experience**

Jurisdiction	Date Initiated	Consultation	Referendum
Prince Edward Island	January 2003	Independent Commission on Prince Edward Island's Electoral Future recommends Mixed Member Proportional (MMP).	Yes
	Nov 2016	Ranked ballot plebiscite	Yes
Quebec	March 2003	Citizens' Committee proposes an MMP system similar to Germany's	No
British Columbia	April 2003	Citizens' Assembly on Electoral Reform recommends MMP	Yes
	May 12, 2009	Second referendum	Yes
Ontario	October 2003	Citizens' Assembly recommends MMP	Yes
New Brunswick	December 2003	Commission on Legislative Democracy	No
Canada (federal)	June 2016	Special Committee on Electoral Reform	No

2001, with a 77 of 79 seat majority with just 57 percent of the popular vote, convinced the New Democrats, now on the opposition benches, that the electoral system was flawed (Pilon, 2010).

### What makes a good referendum question?

The referendum question tends to elicit as much debate and discussion as the referendum itself. On the one hand, Matt Qvortrup (2014) makes the case that there is no qualitative or quantitative evidence to support the view that the question has mattered for referenda on independence. Others in his camp argue that the campaign matters more for the referendum outcome than the strict wording of the question (Hanspeter, Hanggli, and Marr, 2009; Hobolt and Brouard, 2011).

While some scholars minimize the importance of the wording of the question, the consensus is that the question wording is very import-

ant. Despite the literature on campaign dynamics, many scholars and international organizations cite the text of the question as an important factor in ensuring that the results are considered legitimate. According to the International Institute for Democracy and Electoral Assistance (IDEA), “The wording of the question can have an important effect on the result and on its legitimacy” (IDEA, 2008: 54). Writing on the legitimacy of sovereignty referenda, Ilker Sen states that the ballot question was “of crucial importance in ensuring a legitimate and credible referendum” (Sen, 2015: 5). He argues that there are three principles in crafting a question: the wording must be unambiguous so that voters can make an informed decision, there should only be one question or single subject being voted on, and the ballot should not be biased in favour of the status quo.

The Supreme Court of Canada offered similar advice on crafting referenda questions in the reference case on the secession of Quebec. The subsequent Clarity Act underlined this principle. For the Supreme Court, “A clear majority vote in Quebec on a clear question in favour of secession would confer democratic legitimacy on the secession initiative which all of the other participants in Confederation would have to recognize” (*Reference re Secession of Quebec*, 1998). The Clarity Act specified that a “clear expression of the will of the population” would be needed in order for the federal government to proceed with secession. Moreover, the legislation also indicates that for the question to be legitimate it must be a clear question with a clear answer (Clarity Act, 2000).

IDEA’s advice on crafting referendum questions is that they be clear and have two alternatives. IDEA argues that there only be one goal in the referendum and that the question “should not be vague or capable of different meanings” (IDEA, 2008: 54). Ultimately the question itself must be neutral and not have any positive or negative overtones. In a similar vein, the European Commission adopted the Venice Commission’s code of good practice for referendums which includes guidelines on the question wording itself. The principles are straightforward:

- The questions put to the vote must be clear; it must not be misleading; it must not suggest an answer;
- electors must be informed of the effects of the referendum; and
- voters must be able to answer the questions asked solely by yes, no, or a blank vote (Venice Commission, 2007: 7).

While most agree that the question must be clear and not biased in favour of the status quo, others offer the view that multiple responses may elicit a better view of the public’s true wishes (McDaniels and Thomas, 1999; Rosulek, 2016).

Decades of public opinion research have shed much insight into the problems with question wording (Barber, Gordon, Hill, and Price, 2017;

**Table 2: British Columbia Referenda Questions and Responses**

<b>May 17, 2005</b>	<b>May 12, 2009</b>
<p data-bbox="215 331 769 436">“Should British Columbia change to the BC-STV electoral system as recommended by the Citizens’ Assembly on Electoral Reform?”</p> <p data-bbox="289 457 423 489">Yes: <i>57.59%</i></p> <p data-bbox="289 506 423 537">No: <i>41.18%</i></p>	<p data-bbox="769 331 1403 436">“Which electoral system should British Columbia use to elect members to the provincial Legislative Assembly?”</p> <p data-bbox="829 457 1403 527">The existing electoral system (First Past the Post): <i>60.9%</i></p> <p data-bbox="829 541 1403 646">The single transferable vote electoral system (BC STV) proposed by the Citizens’ Assembly on Electoral Reform: <i>39.1%</i></p>

Schuldt, Konrath, and Schwarz, 2011; Reilly and Richey, 2009). Schaeffer and Presser (2003) have noted that small changes in the wording of a question can result in large differences in opinion. Yet, as Mieke Beckers and Jaak Billiet (2010) point out, rarely do legislators refer to this literature when crafting their own questions for referenda.

One problem with electoral reform questions is that there are many different electoral systems to choose from. Although Canadians are familiar with survey questions that have multiple responses, multiple options pose a problem in a referendum which requires a definitive answer to a clear question. Most Canadian referenda have made electoral reform a binary choice. For example, both BC referenda asked seemingly straightforward and clear questions with two options. However, as shows, they had quite different results.

Part of the difference between the responses can be attributed to the question wording. The first referendum question could be criticized for suggesting an answer. By framing the question in the positive, the question was biased in favour of the yes vote. Moreover, including the phrase, “as recommended by the Citizens’ Assembly on Electoral Reform,” implicitly endorsed the Assembly’s proposal, which also suggests an answer.

Between BC’s two referenda on electoral reform, two other provinces held referenda on electoral reform: PEI and Ontario. PEI followed the British Columbia model and asked a yes/no question, “Should Prince Edward Island change to the Mixed Member Proportional System as presented by the Commission on PEI’s Electoral Future?” In contrast, Ontario chose not to frame the question in the positive, but instead asked a more neutral question. In both cases, voters chose the status quo. A modified version of the Ontario question was then used in the second BC refer-

endum. In both of these cases, the referendum question adhered to best practices: it was clear and offered two mutually exclusive responses, and it did not lead to a specific result.

Although the PEI referendum suggested an answer in the positive by referring to the recommendation by the Commission, voters soundly rejected the proposition. Some might argue that it is easier for the public to vote “no” than “yes,” and that is why Ontario’s referendum question is preferable; whichever choice Ontario voters made, they were voting in the affirmative. One reason for the outcome of the vote in PEI may have been that voters did not see the electoral system as a problem in the first place. Another probable reason could have been that the threshold established by the premier was too high, which may have encouraged abstainers. (The question of thresholds will be examined later in this paper.)

Electoral reform in PEI cannot be linked to a single lopsided electoral victory—or to declining voter turnout—which some advocates argue as an impetus for electoral reform. In fact, PEI boasts the highest voter turnout in Canada (*White Paper on Democratic Renewal*, 2015). However, elections in PEI often result in large majorities from a “relatively modest majority of the popular vote” (*White Paper on Democratic Renewal*, 2015: 8). More problematic is that PEI’s Official Opposition often comprises just one or two members. This is what happened in 2000 when Premier Pat Binns was returned to a second majority and in which the Progressive Conservatives won 26 of the 27 seats with just 58 percent of the vote. In other words, the 58 percent popular vote translated into 97 percent of the seats. In the 2002 Speech from the Throne, Premier Pat Binns committed to electoral reform:

The most important and fundamental right of our democracy is the franchise. It is incumbent upon political leadership to ensure that the way in which we elect our representatives continues to be relevant and effective. Therefore, my Government will appoint an independent commission to consult on and consider Prince Edward Island’s electoral system and accompanying statute and regulations so that it continues to reflect what Islanders require of their legislature. (Prince Edward Island (2002))

The independent commission was composed of one individual: PEI Chief Justice Norman Carruthers (McKenna, 2006). In his final report released in December 2003, Carruthers recommended that PEI “modify” the current first-past-the-post (FPTP) system to a Mixed Member Proportional (MMP) system (McKenna, 2006). Carruthers argued that doing so would “provide an element of proportionality” but also that it would

still hold some of the elements of the current system. The PEI legislature decided to convene a second commission with the mandate to “refine a Mixed Member Proportional system as an alternative and to conduct an education program on the alternate system and the First Past the Post System leading to a plebiscite...” (*Commission on PEI’s Electoral Future*, 2005: 1).

The PEI legislature adopted the recommendations, including the referendum question: “Should Prince Edward Island change to the Mixed Member Proportional System as presented by the Commission on PEI’s Electoral Future?” Yet, despite the two pro-reform commissions and the affirmative question, Islanders rejected the proposal either by selecting an alternative after many rounds of voting, or by having very few voters participate. In PEI’s case, one could argue, the rejection of change had more to do with the issue than with the wording of the question.

## **Status quo bias**

To what extent can the case be made that the question in the second BC referendum and the questions from the PEI and Ontario referenda were biased in favour of the status quo given that they had similar outcomes (see table 3)? The “status quo bias” argues that “potential voters make their decision based on the status of the current policy” (Barber, Gordon, Hill, and Price, 2017: 152). This bias is heightened in cases when there is higher voter uncertainty, indifference, or lack of knowledge (Magleby, 1984). Some researchers point out that questions that highlight the status quo produce higher “no” votes because voters are risk adverse and uncertain about the consequences of change (Barber, Gordon, Hill, and Price, 2017). Rather than have voters explicitly vote “no,” the questions offered voters a choice between two different systems. Nonetheless, by framing the responses as a choice between the existing system and one proposed by the Citizens’ Assembly, it is argued that undecided or uninformed voters are more likely to choose the status quo rather than risk changing to an unknown system. However, the status quo effect is mitigated when the referendum itself is rare and high profile. That is because the novelty of the referendum leads to significant attention by media and the elites, so there are few undecided or uninformed voters on election day (Bowler and Donovan, 2000).

There is a lot of evidence to support the case that status quo bias could have been a factor in the Ontario referendum, although there is a weaker argument in the case of PEI. It could also be argued that in both PEI and Ontario there wasn’t much public appetite for change in the first



**Table 3: Prince Edward Island and Ontario Referendum Questions**

<b>November 28, 2005 Prince Edward Island</b>	<b>October 10, 2007 Ontario</b>
<p data-bbox="212 401 818 499">“Should Prince Edward Island change to the Mixed Member Proportional System as presented by the Commission on PEI’s Electoral Future?”</p> <p data-bbox="272 527 407 558">No: 63.58%</p> <p data-bbox="272 573 407 604">Yes: 36.42%</p>	<p data-bbox="834 401 1393 468">“Which electoral system should Ontario use to elect members to the provincial legislature?”</p> <p data-bbox="878 491 1344 558">The existing system (First-Past-The-Post): 63.1 %</p> <p data-bbox="878 573 1360 674">The alternative electoral system proposed by the Citizens’ Assembly (Mixed Member Proportional): 36.9 %</p>

place. In Ontario, there was little publicity of either the work of the Citizens’ Assembly or its findings. As a comparison, in British Columbia, the assembly’s work was mailed to all households in the province, whereas in Ontario it was only provided by request (Stephenson and Tanguay, 2009). In Ontario, the participation of MPPs was limited and the parties took no sides. In BC’s case, as author Dennis Pilon argues, because partisan elites in the Liberal and NDP parties did not campaign on the issue, voters lacked partisan cues about how to vote. Pilon also points out that based on public opinion polling, the public had “no knowledge of a referendum at all, let alone what it was about” (2010: 84). While some have attributed the results of both referenda to “widespread public ignorance of both the referendum and the substance of the issue at stake” (Pilon, 2010: 85), others claim that the change in outcome had more to do with the fact that there were serious flaws in the very structure of the single transferrable vote (BC-STV) alternative (Archer, 2017). For many voters, the way in which votes would be counted under STV was considered overly complex. There were objections to the party lists and to the increased numbers of representatives that would be elected. In addition, some voters were also concerned about the risk of frequent changes in government because of the increased likelihood of minority governments.

It is also noteworthy that in Ontario, none of the political parties campaigned on electoral reform and there was little discussion of electoral reform on the campaign trail. Both proponents and opponents of MMP indicated that they had few resources available for launching information campaigns. One proponent of change called the referendum “an unmitigated disaster,” adding, “I don’t think ever so much money has been wasted

in educating people so poorly” (Dennis Pilon, as cited in Stephenson and Tanguay, 2009: 16). This view was supported by scholars who found that being informed about MMP was one of the significant factors that led voters in the Ontario referendum to support the alternative electoral system. However, the problem was that many voters were not informed about the new system, leading those scholars to conclude, “that less informed individuals were more opposed to MMP also suggests that such voters may have tried to deal with their information deficit by casting a ballot in favour of the status quo” (Stephenson and Tanguay, 2009: 19). Yet newspaper coverage of the reforms, while on the whole neutral, did tend to have more positive than negative mentions in both BC and Ontario (Fournier, van der Kolk, Carty, and Blais, 2011: 137). This indicates that the popular press did convey the reformers’ messages to the public, but nonetheless there was an information deficit on the subject.

Being informed about the electoral system is only one of the factors that voters in BC and Ontario used to decide on whether or not to adopt a new voting system. Scholars have found that knowledge of the new system was a factor in the support for it, but they also noted that the specific designs of the new systems were unpopular (Fournier, van der Kolk, Carty, and Blais, 2011). However, more important for all three referenda in BC and Ontario was the finding that the “public was not consumed by an urgent need for change” (Fournier, van der Kolk, Carty, and Blais, 2011: 134).

Therefore, status quo bias provides little explanation for the results of the Ontario and PEI referenda on electoral reform. There is even less evidence to support that the status quo bias was at work in BC. Given that BC was holding the second referendum on electoral reform in four years, it is unlikely that the status quo vote was the result of lack of knowledge or interest. After all, surveys found that three-quarters of British Columbians “were satisfied with the existing electoral system,” leading researchers to conclude: “Considering the large impact of this variable on individual voting decisions, such widespread satisfaction may have made reform a non-starter from the beginning” (Fournier, van der Kolk, Carty, and Blais, 2011: 134). Furthermore, the Referendum Information Office had tried to educate the public on the new system; it placed advertisements in traditional and digital platforms. Content analysis of newspaper coverage of the referendum indicated that there were about four stories every five days during the first BC referendum, and one article every three days during the second (Fournier, van der Kolk, Carty, and Blais, 2011: 134).

While surveys, such as those done by Fournier and his colleagues, provide limited evidence about the status quo bias, they also note other factors that voters took into consideration, such as the specifics of the new system. Keith Archer (2017), the Chief Electoral Officer of British Colum-

bia, argued that there was more information provided to the electorate in the second referendum than in the first. The crucial difference between the two referenda was that in the first, the public did not know that the electoral boundaries would change if the province went to the BC-STV. In the intervening years, the BC Electoral Boundaries Commission proposed 20 BC-STV districts compared with the existing 85. The Fournier study does not test whether this additional information influenced the outcome. However, they do note that concerns about the complexity of how votes were to be counted in the new system coupled with unstable governments were determinants of a no vote (Fournier, van der Kolk, Carty, and Blais, 2011: 131). Rather than conclude that the public rejected the new voting system because they did not understand it, it is more evident that the public rejected the new system because they did not see its merits outweighing its costs.

Advocates for electoral reform often point to the Ontario, PEI, and BC referendum questions as proof that the status quo bias is so entrenched that either no referendum should be held, or that the question be modified in such a way as to “build consensus around a new system.” This is the approach advocated by FairVote Canada, which favours a single question on proportional representation. While this approach might help ensure a victory for electoral reform, it is not clear that this approach clearly indicates the public’s preference. Moreover, by being too open-ended, such an approach might have a greater chance of being rejected because of status quo bias. The core element of a well-crafted referendum question is that it does not lead voters to one answer. More importantly, the premise of a fair referendum is that the public is aware of the consequences of their choice. An open-ended question regarding the desire for change to an unspecified system does not satisfy the criterion of informed choice.

## **New Zealand shows how it should be done**

Even though Canadian voters have not endorsed electoral change, other jurisdictions have. Unlike Canadian provinces, referenda in New Zealand have led to electoral reform, but the conditions for reform had less to do with question wording than with the political climate of the time. New Zealand is an instructive case study. Rather than ask voters for a simple yes/no response, the electorate was asked to choose between an affirmative vote for the current (FPTP) status quo option or an affirmative vote for a different voting system. Then voters were asked a second question: “If New Zealand were to change to another voting system, which voting system would you choose?” As table 4 indicates, New Zealanders overwhelm-

ing chose to change the system. In the second part of the question, 71 percent of voters chose MMP. Clearly in this referendum there was little status quo bias. However, the context of the New Zealand referendum for electoral change is probably more instructive than is the exact wording of the question.

New Zealanders had expressed growing discontent with their electoral system in the 1970s and 1980s. In 1971 and again in 1981, the government was elected with fewer votes than the opposition (Vowles, Banducci, and Karp, 2006). The power of the main parties to win mandates was especially relevant when Social Credit received 22 percent of the vote, but only won two seats. More problematic, economic realities required Labour Finance Minister Roger Douglas to introduce monetary policies that did not have wide support. The public was primed for change.

To deal with the concerns of legitimacy, the Labour Party committed to electoral reform by creating the Royal Commission on Electoral Systems once in office. In 1986, the commission released its report. In it, the commission recommended that New Zealand adopt the MMP system (Royal Commission on the Electoral System, 1986). The commission also recommended that the New Zealand government hold a referendum on changing the voting system to MMP at or before the general election in 1987. Labour did not fulfill this recommendation and it was labeled a broken promise.

In 1990, the opposition National Party released its manifesto, which stated that if it was elected, it would hold a referendum before the end of 1992. The timing was designed to ensure that if the outcome of the refer-

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#### **Table 4: New Zealand Plebiscite, September 19, 1992**

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##### **Part A: Should New Zealand keep the First Past the Post (F[PT]P) voting system?"**

I vote to keep the F[PT]P voting system: *15%*

I vote to change to another voting system: *85%*

##### **Part B: If New Zealand were to change to another voting system, which voting system would you chose?**

Mixed Member Proportional (MMP): *71%*

Preferential Voting (PV): *7%*

Single Transferable Vote (STV): *17%*

Supplementary Member system (SM): *6%*

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endum necessitated any changes to the Electoral Act, they could be carried out before the next general election. Six months after its election victory, the National Party reversed its campaign promise and decided instead to hold a “pre-referendum” at the end of the year. In other words, it was opting for a non-binding plebiscite (Temple, 1995). The plebiscite would gauge whether there was support for electoral reform. The government argued that if the majority supported electoral reform, a second binding referendum would be held in 1993 and the electorate would be asked to choose between FPTP and the alternative that received the most support in the plebiscite.

Considering the context in which the plebiscite was held, voters were engaged in the question and were not influenced by a status quo bias. While the vote ostensibly was about electoral reform, it was also considered a mid-term protest vote against the government’s broken promises. Between the time the National Party won the election and referendum day, it had made many unpopular policy decisions. Philip Temple points out that the reasons for electoral reform in New Zealand had not so much to do with dissatisfaction with democracy or the parliamentary system, “but with politicians and both major political parties: Labour and Nation, over almost sixty years, had turned government and Parliament into a two-party club increasingly distanced from electors, and had departed from their fundamental ideological bases (especially Labour) in pursuit of electoral power at the centre” (Temple, 1995: 238).

Because the plebiscite was so definitive, the government followed through with its commitment to hold a binding referendum during the next general election in 1993. The wording for the 1993 referendum continued the practice of having voters choose between two affirmative statements. On November 6th, 1993, the exact wording of the options on the ballot was “I vote for the present First-Past-The-Post system as provided in the Electoral Act 1956” and “I vote for the proposed Mixed Member Proportional system as provided in the Electoral Act 1993.” Despite the increase in support for the current FPTP system, the referendum results were clear: 54 percent voted for MMP (table 5). Ironically, the campaign and the results delivered with the general election resulted in a hung Parliament, underlining the problems with FPTP. The National Party was able to obtain a bare majority only after several recounts of close races.

New Zealand’s experience with electoral reform is instructive for such discussions in Canada. First, voters were given two chances to express their views on the electoral system. In the first plebiscite, there was a resounding desire for change, partly because of dissatisfaction with the way parties gained power. In the second vote, while the desire for change was not as great, a majority of the public still voted for change; they did so

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**Table 5: November 6, 1993, New Zealand Referendum**


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I vote for the present First-Past-The-Post system as provided in the Electoral Act 1956: **46%**

I vote for the proposed Mixed Member Proportional system as provided in the Electoral Act 1993: **54%**

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knowing clearly what the new system would look like because the Select Committee on Electoral Law, which was composed of parliamentarians opposed to MMP (Vowles, 1995), took the time to craft the legislation well, and to explain to voters the features of the specific system that would be implemented. Second, in none of the cases where provinces or the federal government have engaged in a process of electoral reform have they done so as a result of public dissatisfaction with the political process. All of the provincial and federal forays into electoral reform in Canada were initiated by parties when they were out of power. Third, and more relevant, is the finding that knowing something about how the new system will work in practice is an important part of making the decision to choose a new electoral system.

### **The need for informed consent**

In none of the examples that this paper has reviewed on electoral reform in Canada has the criterion of having electors be informed of the effects of the referendum been present in the question. Often those in charge of the referendum interpret this provision to be fulfilled in the campaign itself, either by funding both yes and no sides, or by providing information from a neutral body such as Elections BC. However, some suggest that the question itself should include the consequences of a decision in order to better gauge real public opinion. As Ron Levy (2013) points out, electoral reform can be arcane to most voters, which makes them more risk adverse.

The usual response from reformers as they attempt to deal with status quo bias is to ask a general question in the referendum regarding the support for change, and then deal with the specifics later. This is the advice organizations such as Leadnow and the Canadian Centre for Policy Alternatives (CCPA) have given for the upcoming BC referendum (Leadnow, 2017; Klein, Daub, and Hemingway, 2017). Leadnow asks that the first question for voters be whether they would like to retain the current system or see it changed. The CCPA recommendation is somewhat less open-ended. It recommends that the first question be whether the public “would like to maintain BC’s current FPTP electoral process or change to a

form of PR.” Both organizations suggest a follow-up question. For Leadnow, that question is a ranked ballot listing all alternative systems except the current FPTP. For CCPA, the second question asks voters to rank a list of PR models only.

While a two-question ballot would be preferable, the way in which both Leadnow and CCPA have framed their recommendations for the referendum question is not in keeping with best practices. The CCPA recommendation only allows for a PR system as a replacement for the current model. People who want change, but perhaps do not agree with PR, or who prefer a different model, will not have their viewpoint reflected. Moreover, the ranked ballot is problematic, as will be demonstrated in the example of PEI’s latest referendum. Apart from the ranking, excluding some electoral systems predetermines a specific outcome. Although the NDP and Green parties and some electoral reform activists prefer PR, it is not necessarily the case that others who support reform agree with this system.

Often advocates and scholars conflate the general question of whether we should have proportionality with support for any alternative system. They then blame the question, or lack of knowledge of the specific reform, as the reason for the failure of the public to accept change. However, the public may rightly be wary of giving government *carte blanche* to implement any alternative electoral system without knowing the details. Thus, a general question of whether the public wants change in a referendum could also fail either because of campaigning on the “no” side, or a real fear of the uncertainty of what a new electoral system might look like.

One way to deal with this dilemma is to provide more context in the wording of the referendum question itself. If it is true that the public is unaware that the referendum is being held, or what the impacts of the decision are, then the question and its responses must go beyond the simple binary yes/no. Some jurisdictions offer more than one choice, as was the case in Part B of the New Zealand plebiscite. Most recently, Prince Edward Island tried to provide more than one choice and used a ranked ballot to gauge public support for a new system (table 6).

Using the preferential ballot in PEI resulted in the MMP system being selected with 52.4 percent of the vote. That result came after four rounds voting. It is noteworthy that in the first three rounds, the current (FPTP) system had the most votes, but not enough to secure the majority. Only with all the other votes reallocated was MMP selected. The result was considered inconclusive in part because the turnout was only 36.4 percent. Due to low voter turnout, the government felt that there was not a large enough mandate to proceed with reform. The question posed to PEI voters, while suitable for a plebiscite, fails to fulfill the criteria of a clear question with a clear answer. As alluded to above, the problem with

**Table 6: Prince Edward Island Ranked Ballot**

Rank the following electoral system options in your order of preference, 1 through 5 (with “1st choice” being your most preferred and “5th Choice” being your least preferred). You may choose as many, or as few, of the electoral system options as you want.

	Round 1	Round 2	Round 3	Round 4	Final*
Dual Member Proportional Representation	7,951	8,224	8,948	—	
First-Past-The Post (the current system)	11,567	13,108	14,466	15,869	42.84%
First-Past-The-Post Plus Leaders	2,821	—	—	—	
Mixed Member Proportional Representation	10,757	11,153	12,780	19,418	52.42%
Preferential Voting	3,944	4,216	—	—	

\*Final results do not add up to 100% because 4.74% were exhausted. A vote or ballot is “exhausted” following the voter’s choice being “excluded,” if there were no further preferences ranked on the voter’s ballot or if their next preferred option has already been excluded. Source: <http://www.electionspei.ca/plebisciteresults>.

the ranked ballot is that it does not force the voter to make one choice, and as a result, the final choice is not always the first or second choice—or even the third choice—of the majority.

The New Zealand example offers a far superior method of determining whether the public is in favour of change, and if so, what change they prefer. The simplicity of asking the public to choose one alternative, rather than rank several, makes it clear that everyone’s first choice of change will be the one that is pursued. Another step makes the New Zealand method even more legitimate: after a new system is designed from those alternatives that the public identifies as their first choice, the public has a second opportunity to assess and compare the new legislation with the current system. This second step ensures that the changes the government is making have public support. It also ensures that the public is aware of the consequences of their choice because they have been able to give full and informed consent.

### The test of conviction: thresholds

Apart from the wording of the question, there is another contentious issue regarding referenda: the threshold of votes needed for the referendum’s approval. There are two types of thresholds: the requirement for a certain



percentage of voters to turn out and vote, and the percentage of votes needed to accept the result. Normally an outcome is considered legitimate when it has 50 percent plus one of the vote. However, sometimes government calls for a supermajority, where a higher threshold, such as 60 percent, is needed to ensure legitimacy and acceptance of the vote (Gay and Horton, 2011). One argument for a threshold stems from instances where there is low voter turnout. For example, Elizabeth Garrett notes, “thresholds and supermajority vote requirements may be justified in situations where voter turnout is low and thus passage by a simple majority of those voting can result in laws and constitutional provisions being adopted by a minority of voters with intense and outlying preferences” (Garrett, 2001: 163). Another justification for a threshold is to protect minority or regional voters (Sen, 2015). Switzerland, for instance, requires double majorities to protect smaller cantons.

An argument in favour of supermajorities is that fundamental changes to how governments operate, such as constitutional amendments and electoral reform, are needed to ensure that changes are done infrequently and with due caution. When BC held its first referendum on electoral reform, Premier Gordon Campbell imposed two thresholds that had to be met before the reforms would be implemented: a 60 percent supermajority (i.e., 60 percent overall in the province had to vote in favour of electoral reform); and a simple majority in at least 60 percent of all ridings. The referendum failed because the vote for change was under the first supermajority threshold of 60 percent. One argument against voter turnout thresholds is the fear that they suppress voter turnout, which in turn affects the outcome of a referendum. Researchers Yoichi Hizen and Masafumi Shinmyo (2011) argue that when a threshold, specifically a voter turnout threshold, is not imposed, or the threshold is low, the electorate is more likely to vote. However, when the threshold is a high, voters who favour the status quo are more likely to abstain from voting, which leads to a decrease in voter turnout. In their models, abstaining from the vote when there is a threshold is more likely to result in the status quo.

There is little evidence from the Canadian referenda on electoral reform that thresholds had any impact on the vote. In British Columbia, the threshold did not seem to affect the turnout as 61 percent of registered voters exercised their franchise. Ontario had the same 60 percent threshold in their referendum, and voter turnout was 52.09 percent, consistent with the turnout in that province’s general elections.

There is mixed evidence on the effect of thresholds from PEI. In the 2005 plebiscite, one month prior to the vote, Premier Patrick Binns imposed the supermajority of 60 percent in 60 percent of the districts. For that referendum, the voter turnout was 33 percent, which led com-

mentators to argue that the threshold discouraged voters. Commissioner Carruthers remarked at the time that the premier was misled: “Personally, I am of the view that Premier Binns was very ill-advised to impose such a limitation on the plebiscite vote. There is no precedent in this province that I am aware of that calls for such a high percentage” (McKenna, 2006). Yet when the 2016 plebiscite was held and its threshold was a simple majority, turnout remained abysmally low at 36 percent. The low turnout was surprising because in provincial elections, Islanders have the highest voter turnout in Canada. The poor response was doubly remarkable given that for the first time in Canadian history, 16- and 17-year-olds were eligible to vote, and electronic and telephone voting options were available.

Whether or not the threshold has an impact on the vote is a moot point for the upcoming referendum in British Columbia as the premier has rejected both the 60 percent overall threshold and the regional requirement. However, too low a voter turnout, such as was the case in PEI, would impair the legitimacy of the result. If, for example, only 36 percent of voters turned out (as was the case in PEI) and 51 percent of them supported changing the system, it could mean that the province would proceed with a change to the electoral system with the support of less than one fifth of the electorate. In this scenario it would be impossible for the government to say it had a clear mandate for change. Therefore, the government might want to consider the impact of a low voter turnout before declaring that it has a mandate for change. More problematic is the removal of the regional requirement. Given the higher population density in the Lower Mainland, the referendum’s outcome could be determined by just a few ridings.

## **Conclusion**

The BC government has made its commitment to electoral reform clear. It has fast-tracked the process by which a referendum will be held. In doing so, it has given the Attorney General a challenging task. To be considered legitimate, the referendum question should fulfill Canadian and international best practices. Specifically, it must be a clear question with no unambiguous result; it must provide informed consent; and it must be free of directing the public to one conclusion. As this essay has shown, to do so requires that the public be informed of all the available options and the consequences of those options. The current problem is that there is no specific alternative to the current system. The NDP and Greens have committed to proportional representation, but have not stated the form that will take. The previous Citizens’ Assembly recommended BC-STV, which

had some elements of proportionality and reduced the electoral boundaries from 85 to 20. This system was soundly rejected by the public in a previous referendum.

There is a consensus among Canadian and international best practices that referendum questions must:

- Be clear
- Present the status quo as an option
- Be free of biased language that could drive voters to a specific result
- Ensure that electors are informed of the effects of the referendum

If the attorney-general were to take the advice of [leadnow.ca](http://leadnow.ca) and the Canadian Centre for Policy Alternatives, BC would use a two-part ballot that would provide the government with some direction on the public's sentiment for change, as well as an indication of what alternative, if any, the public preferred over the current system. While activists may think this approach is sufficient, it is our opinion that a two-part question is just the first step. Simply having an open-ended question regarding an electoral system leaves the details up to political partisans. While that flexibility might be tempting for the NDP and Greens, the uncertainty could backfire on their attempt to implement electoral reform. As we have noted above, status quo bias should be taken into consideration. If the public is concerned about partisan manipulation, it is more likely to vote to retain the current system. Having a two-question ballot with the promise of a binding referendum on a specific electoral system will elicit a clearer picture of the public's view. In addition, it will provide much-needed legitimacy for the adoption of a new system. Moreover, the binding referendum on a specific system should require some threshold of voter turnout and regional support to further ensure legitimacy for the chosen system.

Although the requirement for a supermajority has been removed from the forthcoming BC referendum, the government should proceed with caution if the resulting referendum has a low voter turnout. If voter turnout is less than 50 percent, it will be difficult for the government to claim that the reform has public endorsement. It is worth noting that the lowest voter turnout in a general election in BC was 55 percent (2009). The last election, in 2017, had a 61.5 percent turnout (Elections BC, 2017).

The current government should not translate its desire for change into immediate action. Indeed, all parties in the province have committed themselves to electoral reform, so there is no urgency to implement a change prior to the next election. If there is indeed a real appetite for change amongst voters, then the government should be confident that the public will express that in the first referendum. Giving the government, or an external body, time to craft an electoral system that works for Brit-

ish Columbia, to have the public learn about the new system, its benefits, and drawbacks, as compared to the benefits and drawbacks of the current system, and then have the public vote on those changes, would be the only legitimate way to proceed with electoral reform. Yes, this process will be longer than what is currently envisioned. But it will be a process that will give the outcome legitimacy and make subsequent changes less likely. Either way, changing the electoral system should be done only rarely and with much deliberation by the governed and the government.

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# 2. Proportional Representation in Practice: An International Comparison of Ballots and Voting Rules

by Lydia Miljan and Geoffrey Alchin

## Introduction

The British Columbia government has set out the ballot question for the upcoming referendum on electoral reform (British Columbia, 2018). It will consist of a two-part ballot. The first part will ask a straightforward question:

“Which system should British Columbia use for provincial elections?”

Voters will choose one of the following:

- The current First Past the Post voting system
- A proportional representation voting system

If a majority selects a change to the voting system, then the second question will be used to develop the alternate electoral system. The second question ask:

“If British Columbia adopts a proportional representation voting system, which of the following voting systems do you prefer?”

Voters will rank or select one or more of the following:

- Dual Member Proportional (DMP)
- Mixed Member Proportional (MMP)
- Rural-Urban Proportional (RUP)

Of the three options provided, only MMP has been used in practice. This is problematic as voters will have no understanding or appreciation of how these systems will work in British Columbia.

A jurisdiction's choice of electoral system has a profound impact on the number of parties, electoral disproportionality, party extremism, and policy choices (Golder, 2005). This paper reviews and examines each of these elements and explains how they operate in practice internationally. It will proceed by first examining the types of electoral systems, and then reviewing the way in which countries around the world cast ballots, count votes, and allocate seats in those systems. Although we cannot tell readers how the rural-urban PR, or DMP would work in British Columbia, we can give readers a sense of the complexity and options found in other PR systems. This exercise should give readers some guidance as there are elements of all these systems in the proposed referendum question.

## **Electoral systems**

How citizens vote in a democratic country, province, state, or even city, influences how governments are selected and how those governments operate. As the *IDEA Handbook on Electoral System Design* notes, the electoral system is “the easiest political institution to manipulate, for good or for bad” (Reynolds, Reilly, and Eillis, 2008: 5). Some also believe that electoral systems are crucial to democratic rule by ensuring that the government remains responsive and accountable to its citizens (Bormann and Golder, 2013).

Electoral systems are complex and multifaceted, and few countries share identical systems. Indeed, there are many components to jurisdiction's electoral system, including: the electoral formula, which determines how votes are translated into seats; the electoral threshold, or the minimum proportion of votes needed to be awarded a seat; and district magnitude, which is the number of seats in each electoral district. Table 1 lists most of the countries referred to in this paper and the various components of their electoral systems that are discussed in more detail below.

## **Plurality and majoritarian systems**

Canada's federal and provincial electoral systems are part of the plurality and majoritarian family of electoral systems. These electoral systems tend to produce majority governments whether or not a party receives a majority of the votes. The focus of these systems is to produce an effective working government by allowing the party that wins the most electoral seats to carry out its platform with few impediments. One consequence of such

**Table 1: Current Electoral System Characteristics for Lower Houses or Unicameral Legislatures, OECD Countries**

Country	Electoral Formula	Party List	Formal Vote Threshold (%)	Total Number of MPs	Number of Single Member District MPs	Number of List District MPs	Total Number of Multi-Member Districts for Lists
<b>PLURALITY AND MAJORITARIAN</b>							
Australia	Alternative Vote	N/A	N/A	150	150	0	0
Canada	First-past-the-post	N/A	N/A	338	338	0	0
France	Two-Round Majoritarian	N/A	N/A	577	577	0	0
United Kingdom	First-past-the-post	N/A	N/A	650	650	0	0
United States	First-past-the-post	N/A	N/A	450	450	0	0
<b>MIXED</b>							
Germany	Mixed-Member Proportional	Closed	5%	622	299	323	16
Hungary	Mixed-Member Proportional	Closed	5%	199	106	93	1
Japan	Parallel Plurality-PR	Open	N/A	465	289	176	11
New Zealand	Mixed-Member Proportional	Closed	5%	120	70	50	1
<b>PROPORTIONAL REPRESENTATION</b>							
Austria	List PR	Closed	4%	183	0	183	9
Belgium	List PR	Open	5%	150	0	150	11
Czech Republic	List PR	Open	5%	200	0	200	14
Denmark	List PR	Open	2%	179	0	179	10
Estonia	List PR	Open	5%	101	0	101	12
Finland	List PR	Open	None	200	1	199	14
Greece	List PR	Open	3%	300	8	292	49
Iceland	List PR	Closed	5%	63	0	63	6 or 7
Ireland	Single Transferable Vote	—	—	158	0	158	40
Israel	List PR	Closed	3.25%	120	0	120	1
Italy	List PR	Open	3%	630	9	621	21
Luxembourg	List PR	Open	None	60	0	60	4
Netherlands	List PR	Closed	0.67%	150	0	150	18
Norway	List PR	Open	4%	169	0	169	19
Poland	List PR	Open	5%	460	0	460	41
Portugal	List PR	Closed	None	230	0	230	22
Slovakia	List PR	Closed	5%	150	0	150	1
Slovenia	List PR	Open	4%	90	0	90	8
Spain	List PR	Closed	3%	350	2	348	50
Sweden	List PR	Closed	4%	349	0	349	30
Switzerland	List PR	Open	None	200	5	195	21

Notes:

In Finland one member is elected by a simple majority for the province of Åland.

In Greece there are eight single-member constituencies.

There are nine single member seats in Italy (one for Valle d'Aosta and eight for Trentino-Alto Adige).

There are two single member seats in Spain for the North African regions of Ceuta and Melilla.

Sources: Inter-Parliamentary Union (2018); Lijphart, 2012.

majority governments is that they are often held more accountable than coalition governments because the public is able to judge the government's policy record clearly (Norris, 1997).

Within this family of systems, British Columbia and Canada use an electoral formula known as First-Past-the-Post (FPTP), or single member plurality (SMP), which works as follows in BC. The province is divided into single-member districts organized by population and region of which there were 87 as of the last election. On election day, voters go to the polls and vote for their preferred candidate to represent their constituency. The candidate who receives the largest share (or plurality) of votes in the constituency is elected to the legislature, and the party that has the most seats (often a majority) in the legislature governs. One key benefit of a plurality system is that determining the outcome is simple and straightforward. The candidate with the most votes wins. When regimes value proportionality over clarity of outcome, they have to devise specific and often complex rules to determine the outcome of an election.

Electoral reform advocates often argue that FPTP isn't democratic. They make this claim by insisting that all the seats are won by a simple plurality (i.e., treating them as a group) rather than a majority (a collection of individual seat winners from the ridings). They do this by calculating the overall popular vote and comparing that to the number of seats won by the government. This direct comparison of overall popular vote and seat allocation ignores a fundamental element of Canada's electoral system: regional representation. It is often the case that in each riding the winner is the person who receives a majority, not simply a plurality, of votes. In a two-party system, the winner is most likely the party that receives more than 50 percent of the vote. However, when the party system has more than two effective parties, as is the case currently in BC, it becomes more difficult to win with a majority than a plurality. Yet even in a two-plus party system, it is the case that more seats are won by a majority than by a plurality. Indeed, in both the BC elections of 2013 and 2017, a majority of seats were won with majorities—54 percent of seats in 2013 and 53 percent in 2017. This finding emphasizes the fact that the FPTP formula does not invariably distort popular support. As we will see below, PR systems often do not have this kind of result and end up distorting regional support in the guise of proportionality.

For regimes other than FPTP, a primary objective following the election is calculating the majority that will determine who receives the seat in each constituency. Within the majoritarian family, a variety of different electoral formula and different mechanisms are used to try to ensure that the winning candidate in a constituency achieves a majority of the votes. Two such formulae are France's two-round system and the Alternative

Vote system that Australia uses to elect members to its lower house. Elections under these two systems are similar to elections using FPTP rules in that they all use single-member districts. The difference is in the way votes are translated into seats. Under France's two-round system, if no candidate receives a majority of votes in the initial round of voting, a second election is held among the candidates that attained a vote share equal to a certain percentage of registered voters. The candidate with the most votes in the second round wins the seat. By allowing voters to cast a subsequent vote, France achieves a higher degree of consensus around the eventual winner. However, the fact remains that the second round now includes voters' second and first choices. Other regimes that rank candidates include Malta, the Republic of Ireland, Northern Ireland, and Tasmania, though each adjusts the voting system slightly.

Australia's Alternative Vote system requires voters to rank their preferences among all the candidates in their constituency. If no candidate receives a majority of the first preference votes, then the candidate with the fewest votes is dropped and that person's votes are redistributed based on the second or subsequent preferences of their voters. The process is repeated until one candidate achieves a majority.

The Australian Senate uses STV, a system in which voters select individual candidates from party lists. However, the structure of the ballot is slightly different than those used in other STV systems. Australian voters for the Senate are given two options. The first option is the same as with other STV electoral systems: voters select candidates from party lists, as is illustrated in the bottom half of the ballot in figure 1. However, if they wish, voters can bypass the ranking of individuals and instead simply vote for their preferred party, as illustrated in the top half of figure 1. This second option is referred to as "above-the-line voting" or "ticket voting." The rationale for this option is to make voting easier. In 1983, the Senate ballot for the riding of New South Wales had 62 candidates. This led to numerous mistakes in sequential voting<sup>1</sup> on the ballots, which increased the number of invalid votes. Above-the-line voting was introduced a year later through reforms in the Commonwealth Electoral Act. Above-the-line voting has become so popular that more than 95 percent of Australians use this option (Bennett and Lundie, 2007; Australian Electoral Commission, 2017; Australian Electoral Commission, 2016a; Sawer, 2005; Raue, 2016, April 18).

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<sup>1</sup> In sequential voting, voters follow a sequence of steps to determine which candidates will be eliminated and which retained for an opportunity to be considered again in the next round of voting. This voting method enables voters to reduce the field of candidates until one is selected. This method is used in the presidential primary system in the United States (Barbera and Gerber, 2017: 211; Ciciora, 2015).

**Figure 1: Australian Senate STV Ballot**

You may vote in one of two ways

**either**

PARTY PARTY PARTY PARTY PARTY PARTY

**or**

PARTY PARTY PARTY PARTY PARTY UNGROUPED

CANDIDATE NAME PARTY CANDIDATE NAME PARTY CANDIDATE NAME CANDIDATE NAME PARTY CANDIDATE NAME INDEPENDENT

CANDIDATE NAME PARTY CANDIDATE NAME PARTY CANDIDATE NAME CANDIDATE NAME PARTY CANDIDATE NAME INDEPENDENT

CANDIDATE NAME PARTY CANDIDATE NAME PARTY CANDIDATE NAME CANDIDATE NAME PARTY CANDIDATE NAME INDEPENDENT

AEC

Source: Australian Electoral Commission: [http://results.aec.gov.au/12246/images/icons/icon\\_senateballot-paper.gif](http://results.aec.gov.au/12246/images/icons/icon_senateballot-paper.gif).

The alternative vote (AV), or ranked ballot, is the system that most Canadian political parties use to elect their leaders. Prime Minister Trudeau has remarked that this is a system he had favoured for Canada (Kupfer, 2017). While this system works for internal leadership contests, the values of the parties in those elections are different than the values that Canadians might have for government. For a political party, the goal of a leadership race is twofold: to select a leader and to emerge from the contest unified. The AV, or ranked ballot, is designed for the efficiency of vote counting, but more importantly, to give the appearance that the leader not only has the most votes, but is supported by the majority of party members. For Canadian political parties, leadership races held under AV rules enable party members to rank candidates on a ballot. If their first choice is eliminated before a winner is selected, their second and subsequent choices are counted until a winner emerges. The NDP uses the raw vote count to select the leader. The Liberal and Conservative parties do not use a one vote, one person system. To ensure regional appeal, these parties weigh each riding equally, giving them 100 points. (If a riding has fewer than 100 members, then that riding has points allocated according to the actual vote.) In the case of the Liberal leadership race in 2013, Justin Trudeau was victorious in the first round, which makes it appear that the system is effective and straightforward. However, this is not always the

case in practice. For example, the 2017 Conservative Party leadership race went to 13 rounds to give Andrew Scheer the victory on the final ballot with a mere 50.95 percent of the points. Until the final round, second place finisher Maxime Bernier was leading in each round. More recently, at the provincial level in March 2018, the Ontario Progressive Conservative party went to three ballots to give Doug Ford the victory with 50.62 percent of the points. Ironically, in this contest, he lost both the popular vote and the number of constituencies but won on points because of the way in which the ridings were weighted. Because of this discrepancy, no announcement of the winner was made at the convention. Convention attendees were sent home and the winner was announced seven hours after the start of the convention in a hastily convened news conference. While AV systems give the appearance of simplicity and transparency, the way in which the formulae are used to declare a winner can vary and be confusing.

Australia, which uses the STV electoral system for its Senate, is not the only jurisdiction to take a different approach to that voting system. The Tasmanian system, also referred to as the Hare-Clark system, emphasizes candidates over parties. Unlike Malta, the Republic of Ireland, and Northern Ireland, the Tasmanian system is unique in demanding that voters rank at least five candidates. The rationale for the selection of at

**Figure 2: Tasmanian House of Assembly STV Ballot**

ROTATION No. 3 — FRANKLIN — ORDINARY — JOB No. 52081

Tasmania—Electoral Act 2004 93  
BALLOT PAPER

**House of Assembly Division of FRANKLIN**  
Election of 5 Members

*Number the boxes from 1 to 18 in order of your choice*

SOCIALIST ALLIANCE	LIBERAL PARTY	TASMANIAN GREENS	AUSTRALIAN LABOR PARTY	Ungrouped
<input type="checkbox"/> HOLLOWAY Matthew Patrick	<input type="checkbox"/> BASTONE Sue	<input type="checkbox"/> RICKARDS Mark	<input type="checkbox"/> HULME Daniel	<input type="checkbox"/> JAMES Richard
	<input type="checkbox"/> ALLIE Steve	<input type="checkbox"/> MacDONALD Jana	<input type="checkbox"/> BUTLER Ross	<input type="checkbox"/> HALL Ian
	<input type="checkbox"/> SCOTT Tony	<input type="checkbox"/> McKIM Nick	<input type="checkbox"/> GIDDINGS Lara	
	<input type="checkbox"/> GOODWIN Vanessa	<input type="checkbox"/> ANDERSON Mike	<input type="checkbox"/> LENNON Paul	
	<input type="checkbox"/> HODGMAN Will	<input type="checkbox"/> VELNAAR Gerard	<input type="checkbox"/> WRIEDT Paula	

YOUR VOTE WILL NOT COUNT UNLESS YOU NUMBER AT LEAST 5 BOXES

Source: Bennett and Lundie, 2007.

least five candidates is because the districts elect five representatives. The Tasmanian system also differs from the Australian Senate system because it does not allow above-the-line voting. In addition, the ballot in Tasmania organizes the votes according to political parties, as illustrated in figure 2 (Tasmanian Electoral Commission, 2018; ABC News, 2006, February 2; Green, 2014, January 17; Revolv, undated – b; Raue, 2016, April 18; Tasmanian Parliamentary Library, 2015; Proportional Representation Society of Australia, 2017; Newman, 2006; Inglis, 2018, February 9).

## **Proportional representation**

Despite the fact that its Citizens Assembly on Electoral Reform had recommended an STV system for the province, the current BC government has specifically stated that the referendum on electoral reform will determine whether the province should switch to a form of proportional representation (PR). The argument in favour of PR is that the legislature more closely resembles the composition of society as a whole. One notable concern about this electoral system is that it allows single issue parties to emerge, such as “left-leaning” green parties, or “right-leaning” anti-immigration parties (Mudde, 1999). In addition, PR systems create significantly more political parties than do the other electoral systems and as a result, the legislature is fractured into more segments. In order to limit the number of parties elected, countries employ electoral formulae to translate votes into seats.

European countries use electoral formulae widely. There are a number of inter-country differences with respect to how PR is used. In contrast to plurality or majoritarian systems, PR systems intend to more closely align overall votes with seats, giving smaller or minority parties a greater chance of winning seats. Within the PR electoral family, the main differences among systems revolve around the use of open versus closed lists for candidates, the size of electoral districts, the threshold for parties to attain seats, and the formulae for converting votes to seats (Norris, 2004). Party thresholds, the formulae used to convert votes into seats, and party lists will be discussed in more detail below.

In general, in PR electoral systems, voters select party lists in multi-member districts. A multi-member district is one in which the constituency, or riding, has more than one representative. To choose candidates, voters select their preferred choices from a list. In these PR systems, lists can either be open (in which voters choose both their preferred political party and their preferred candidates on the list) or closed (in which voters can only select a party; the party chooses the candidates on the list). In



either the open or closed list system, the order in which candidates appear on the list determines which candidates get elected. As a simple example, in a district with 10 seats, if a party receives 40 percent of the vote, the first four candidates on the list will be elected. Of the 20 countries in this study that use list PR, 12 use open lists and eight use closed lists. On the one hand, closed lists make the voting process easy and reduce complicated ballot papers, but on the other, it is party elites rather than voters who decide who will govern. Moreover, in this system, the public's ability to select specific candidates that may better reflect their regional interests is lost.

District magnitude is another variable that varies widely between PR electoral systems. For example, in Israeli elections for the 120 seats in the Knesset, the entire country is considered to be one district, whereas elections for the 350 seats in the Spanish Congress of Deputies are contested among 50 districts. While the introduction of multi-member electoral districts is central to PR, their use can result in two potential problems. First, large multi-member ridings can give rise to large ballot papers, which can cause confusion among voters. Second, large multi-member ridings can lead to a diminishing link between voters and elected officials (Miljan and Jackson, forthcoming; UK Engage, 2013, June 18; Harewood, 2002, August 31; Electoral Knowledge Network, undated – a). Regional representation plays an important role in the link between voters and elected officials. In many of the international cases where PR is used, the land masses are small, so regional differences may not be very important for the electorate. However, in Canada, and even just in British Columbia, there are significant regional differences as a result of population density, proximity to large urban centres, and even geography itself. Regional representation is one cornerstone of Canadian democracy that might be sacrificed in a PR system composed of large multi-member districts.

In combination, these different components of PR systems can produce quite different outcomes in terms of the overall proportionality of the system, the number of parties represented in the legislature, and the number of minor parties that receive seats, among other issues.

Another electoral system that sometimes falls under the PR family is the semi-proportional Single Transferable Vote (STV) system. As mentioned above, this system sees the jurisdiction divided up into multi-member districts of about four or five representatives. Parties then put forward as many candidates as they feel can win seats in the district. Voters then rank order their preferences for candidates. The total number of votes is then divided by the number of seats in the district, which produces a quota that candidates must attain in order to be elected. After the first preferences are counted, if seats remain unfilled, the candidate with the lowest

number of votes is eliminated and his or her second preferences are then redistributed. This process continues until all seats are filled.

### ***Vote thresholds in PR electoral systems***

As briefly explained earlier, a key element differentiating PR and plurality or majoritarian electoral systems is the use of formal vote thresholds. These thresholds typically refer to a certain percentage of votes that a party must receive in a district to attain a seat in that district. The use of thresholds in PR systems stems from the presence of multi-member districts, which, depending on the size of the district, could make it relatively easier for parties with only minimal support to attain seats in the legislature. Indeed, vote thresholds are often intended to prevent extremist parties from having a voice in the legislature (Spiegel Online, 2013, September 19). While the exact threshold varies by jurisdiction, most jurisdictions that use PR electoral systems employ some formal vote threshold.

There is no generally accepted or consistent policy across countries regarding thresholds. However, of the countries that use vote thresholds in our sample of countries from table 1, vote thresholds range from 0.67 percent in the Netherlands to 5.0 percent in several countries including Belgium, the Czech Republic, Estonia, Iceland, Poland, and Slovakia. It's worth noting that some countries such as Greece, Luxembourg, Portugal, and Switzerland have no formal vote thresholds, which means that a representative can be elected with a very small share of the vote total. Some countries, such as Denmark and Brazil, use relatively more complex vote threshold requirements than others.

For example, in Denmark, parties do not receive any constituency seats unless they win a compensatory seat,<sup>2</sup> win two percent of the countrywide vote, or gain the equivalency of the Hare quota in two of the three regions.<sup>3</sup> In Brazil, parties must receive at least five percent of the countrywide vote spread among at least a third of the states. Within those states, a party must receive at least two percent of the vote. Given the wide range of vote thresholds employed, should British Columbia shift to PR, it is not clear what—or even if—a vote threshold would be used.

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2 There are 175 seats in the Danish parliament. Of those, 40 are compensatory seats (*tillægsmandat*), which are distributed among three electoral regions: Metropolitan Copenhagen (along with Frederiksberg), the Islands, and Jutland. These three electoral regions are subdivided into 17 multi-member constituencies, which is where the remaining 135 seats are from. These seats are called constituency seats (*kredsmandater*) (Gallagher and Mitchell, 2005).

3 The Hare quota will be explained below.

### ***Seat allocation formulae***

PR systems also use a seat allocation formula to ensure that the distribution of seats closely reflects how the electorate voted. As previously mentioned, different countries use various formulae to calculate the vote. The first such formula is the Droop quota. Created by an English lawyer named Henry Richmond Droop in 1868, the Droop quota is calculated by dividing the number of votes by the number of seats plus one. Most STV systems use the Droop quota to determine the seat allocation (Revolvy, undated – a). In these jurisdictions, voters do not have to rank all the candidates. They can choose to rank as few as one candidate or as many as they like (United Kingdom, Parliament, 2017). This is important because requiring voters to rank each candidate can lead to an increase in spoiled ballots. For example, the ballots for the Australian House of Representatives require that voters rank every candidate from their most preferred to their least preferred. Failure to do so results in a spoiled ballot. In the 2013 House of Representatives election, ballots with incomplete rankings made up almost half (47.5 percent) of the 58.6 percent of the ballots that were assumed to have been spoiled unintentionally (Australian Electoral Commission, 2016b).<sup>4</sup> In the 2015 Canadian general election, only 0.7 percent of ballots were spoiled (Miljan, 2016).

The Droop quota works by first determining the total number of first preference votes for all candidates. Once this is completed, any candidate who receives a number of first preference votes that is greater than or equal to the predetermined quota is elected. If there are still seats to fill, then additional counts are required. In these additional counts, the extra votes (votes that are above the quota) for the candidates who have been elected in the first count are redistributed according to the voters' second preferences. This process continues until all the seats are filled. After any count, if there are no candidates with enough votes equal to or greater than the quota, the candidate with the lowest number of votes is eliminated. The votes of that candidate are then redistributed in the next round to candidates who are ranked higher in preference (Gallagher, 1992; Electoral Commission New Zealand, 2015; Electoral Knowledge Network, undated – c; Revolvy, undated – a; Accurate Democracy, 2017; Citizens' Assembly on Electoral Reform, 2003).

The second seat allocation formula is called the Hare quota. It is similar to the Droop quota, but simply takes the number of votes and divides them by the number of seats (Accurate Democracy, 2017). Although both the Droop and Hare quotas are similar, they differ in how they favour par-

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<sup>4</sup> In the 2013 Australian election, 5.9 percent of votes were considered to be invalid in House of Representatives voting (Australian Electoral Commission, 2016b).

ties. Because the Droop quota is smaller than the Hare quota, it tends to benefit larger parties that receive more votes (Gallagher, 1992, Harewood, 2002, August 31). The Hare quota thus increases the presence of smaller parties in the legislature because it treats both large and small parties the same (Lijphart, 1990).

The two remaining seat allocation formulae are the ones most often used in PR systems. The Sainte-Laguë and d'Hondt formulae are described as a "highest averages method." In this method, each party competes for a seat in sequence, as in an auction. The bid for a seat that a party puts forward is composed of the original number of votes it has received and how many seats it has won. Each time a party wins a seat, its bid is reduced because it is divided by progressively larger numbers, called divisors. To illustrate how this method works, consider an example provided by Michael Gallagher (1992).

In an election, Party A receives 60,000 votes, Party B receives 28,000 votes, and Party C receives 12,000 votes. In the first round of bidding, Party A has the best bid of 60,000, so it receives the first seat. After it receives the first seat, its number of votes is reduced by dividing by a divisor, which would be 3 because it is the second round of bidding. In the second round, Party A has a bid of 20,000 seats ( $60,000 \div 3 = 20,000$ ), compared to Party B which has the best bid of 28,000. This means that Party B receives the second seat. However, Party B's number of votes is reduced by dividing by the divisor, which is again 3. This continues until all the seats are filled (Gallagher, 1992).

The difference between the Sainte-Laguë and d'Hondt formulae is the divisors. Divisors are used to reduce a bid (Gallagher, 1992). The Sainte-Laguë formula uses odd numbers as its divisors and the d'Hondt formula uses even numbers (Revolvy, undated – c; d; Gallagher, 1991; 1992; Electoral Commission New Zealand, 2017a; Poptcheva, 2016). Mathematically, the more rapidly the divisors increase, the more rapidly the bids decrease. This means that when using the Sainte-Laguë formula, the bids decrease faster, which causes the bids of the larger parties to decrease to around the level of the smaller parties faster (Gallagher, 1992). Not only does the Sainte-Laguë formula help smaller parties achieve seats, but it can also achieve a seat allocation that more proportional to votes than the d'Hondt formula.<sup>5</sup>

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<sup>5</sup> In one study, researchers found that applying the two formulas to the Southwest electoral region in the 2009 British general election yielded very different results (McLean and Johnston, 2009). In that election, the Conservative Party received 468,742 votes, the Labour Party 118,716 votes, the Liberal Democrats 266,253 votes, the Greens 144,179 votes, the UK Independence Party 341,845 votes, and the British National Party 60,899 votes. When they applied the Sainte-Laguë formula,

How these formulae would have affected BC's electoral system can be seen in the BC-STV model that the Citizens' Assembly recommended. In the proposed 2004 BC-STV model, the number of ridings would have been reduced from 85 to 20. Every riding would have had multiple representatives. Some ridings would have had as few as two representatives elected, but in ridings with higher population densities, there could have been as many as seven representatives. Critics of this system were concerned about a loss of regional representation and accountability of those elected.

### ***Party lists***

Party lists are another key component of PR electoral systems that can also differ within such systems. In a PR electoral system, candidates are chosen based on their position on a party-created list (Electoral Knowledge Network, undated – a). Depending on the type of party list used, voters can select either their preferred party (a closed list system), or their preferred party and their preferred candidates within that party (an open list system).

The original system is the closed party list system in which voters select their preferred political party. This method is used in South Africa, for example, where voters select either the picture of the leader, or the party name (see figure 3) (Norris, 1997; FairVote, 2017a; b). The candidates are then elected based on their position on a list, which is determined by the party. This means that more power resides with the party elite, which draws up the list, than with the party membership (Norris, 1997; Gallagher and Mitchell, 2005). Jurisdictions included in this study that use the closed party list system include Austria, Iceland, Israel, Netherlands, Portugal, Slovakia, Spain, and Sweden.

In the open party list system, voters express their preference not just for the political party of their choice, but also for the candidates within their preferred political party. Denmark, for example, uses an open party list system (see figure 4, a picture of a ballot from that country's 2001 election). Unlike closed party list systems, open party list systems give voters more say over which candidates get elected because the order of candidates on an open party list is determined through a combination of electorate choice and party choice (Norris, 1997; Reilly, 2016; King,

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the researchers found that all parties except the British National Party won seats. However, when they applied the d'Hondt formula, only the Conservative Party, the Liberal Democrats, and the UK Independence Party won seats (McLean and Johnston, 2009). This means that the Sainte-Laguë formula more proportionally represented how people voted. It also demonstrates that the different formula for calculating the results can lead to profoundly different outcomes.

**Figure 3: South African Closed List Ballot**



**Figure 4: Denmark's Open Party List Ballot Paper**

Sønderjyllands Amts  
3. opstillingskreds

## Folketingsvalget 2001

Sæt X til højre for en listebetegnelse (et partinavn)  
eller et kandidatnavn.  
Sæt kun ét kryds på stemmesedlen.

<b>A. Socialdemokratiet</b>	<b>O. Dansk Folkeparti</b>
Frode Sørensen	Søren Krarup
Inger Bierbaum	Kell Kristiansen
Dorte Dinesen	Jørn Larsen
P. Qvist Jørgensen	Jytte Lauridsen
Eva Roth	Theis Mathiasen
Lise von Seelen	Niels Oluf Michaelsen Petersen
Søren Ebbesen Skov	Lars Rydhard
<b>B. Det Radikale Venstre</b>	<b>Q. Kristeligt Folkeparti</b>
Nicolas Lund-Larsen	Michael Lund Markussen
Per Kleis Bonnelykke	Vibeke Christensen
Bente Dahl	Bjarke Friis
Inger Harms	Knud Erik Hansen
Bjarke Larsen	Henning Holm
Henrik Larsen	<b>V. Venstre, Danmarks Liberale Parti</b>
<b>C. Det Konservative Folkeparti</b>	Bjørn Scherbarth
Kaj Ikkast	Sven Buhrkall
Martin Andresen	Peter Christensen
Bent P. Have	Allan Emiliussen
Jens M. Henriksen	Gunnar Hattesen
Bente Lassen	Helga Moos
Lars Munk	Hans Chr. Schmidt
Klaus Rehkopff	<b>Z. Fremskridtspartiet</b>
<b>D. Centrum-Demokraterne</b>	Ole Jensen
Henning Nielsen	Heine Andresen
Henning Borchert-Jørgensen	Henning Brandt
Helmuth Carstens	Carl Hahn
Flemming Hübschmann	Margit Petersen
Holger Madsen	Preben Ravn
Peter Berthel Nissen	Jens Willatzen
Kai Paulsen	<b>Ø. Enhedslisten - De Rød-Grønne</b>
<b>F. Socialistisk Folkeparti</b>	Baltser Andersen
Bjarne Eliassen	Svend Brandt
Bent Iversen	Signe Færch
Jesper Petersen	Jette Hedegaard
Kirstine Rask Lauridsen	Egon Laugesen
Jørn Ulrik Larsen	Niels-Erik Aaes
Jørgen Jørgensen	
Mathias Gotthardsen	
<b>O. Dansk Folkeparti</b>	
Søren Krarup	
Kell Kristiansen	

Source: Gallagher and Mitchell (2005): 459.

2000; FairVote, 2017a; b; Institute for Democracy and Electoral Assistance [IDEA], 2005.). Other states that use open party list systems in our sample of countries include Belgium, Czech Republic, Estonia, Finland, Greece, Italy Luxembourg, Norway, Poland, Slovenia, and Switzerland. It is worth noting that the choice of an electoral system does not determine which seat allocation formula a state can use.

### ***Mixed electoral systems***

The second referendum question will allow voters to rank three of the following electoral systems:

- Mixed Member Proportional (MMP)
- Dual Member Proportional (DMP), and
- Rural-Urban PR

Of these, MMP is the only one that has been used internationally.

### **Dual Member Proportional (DMP)**

The DMP system proposed by British Columbia Attorney General David Eby will require the redrawing of electoral boundaries. Urban ridings will be combined so that there are two representatives for each riding. For rural ridings, the boundaries might not be changed, and in those ridings only one legislator would be selected. It is unclear from the recommendations what the total will be for the number of representatives selected, though Eby recommends an upper limit of 95 representatives. Nonetheless, the key feature of this system is that each dual-member constituency will elect two representatives. In this system, political parties are able to nominate up to two candidates per electoral district. The order of the representatives would be determined by the political party. Voters would select a pair of candidates in a single vote. The seats are allocated in such a way that the overall result is proportional to the overall provincial vote. This is done in a series of steps. For those who win with a majority in their riding, that number of seats is subtracted from the total seat count. The remaining seats are those for which no one person (or party) has enough votes to win an outright majority. Those seats are then allocated according to the provincial popular vote. Eby argues that this system is highly proportional to the provincial results. However, the design of the system means that rural areas are disadvantaged twice. First, they will have fewer representatives, and second, because of their smaller population sizes, their perspective will have less weight in a proportional system.

### **Rural-Urban PR**

The Rural-Urban PR system recommended by Eby uses two types of voting system: the STV system in urban and semi-urban areas; and MMP in rural areas. Some districts would be voting under a List PR system, while others would go with the existing FPTP.



In this system, there would be a varying number of representatives per constituency, with some having only two representatives, while others could have up to seven.

*How We Vote* notes that voters will not know key details of any of the recommended systems until after the vote. Key details of the electoral systems, such as whether the province will use closed or open lists, the order of candidates on a list, the methods for filling single-member districts, the ratio of FPTP to the List PR seats, the number and configuration of regions, and the number of list seats in each region, would have to be determined by the legislature after the referendum (Eby: 71).

Mixed electoral systems use both PR and majoritarian electoral rules to translate votes into seats. It is often the case in these types of electoral systems that a certain proportion of seats in the legislature will be awarded using plurality electoral rules, while the remaining proportion will be awarded using PR (see table 2).

**Table 2: The Allocation of Seats in the Legislatures of Germany, Bolivia, New Zealand, and Mexico**

Legislature	Number of Seats in Legislature	Number of Seats Allocated by Electorate Vote	Number of Seats Allocated by Party Vote
German Bundestag	598	299	299
Bolivian Chamber of Deputies	130	77 (of which 7 are Indigenous or Campesino seats)	53
The New Zealand House of Representatives	120	71 (of which 7 are Māori seats)	49
Mexican Chamber of Deputies	500	300	200

Source: Compiled by the authors from The Electoral Knowledge Network, undated – b; Instituto Nacional Electoral, 2018; Political Database of the Americas, 2010; Freedom House, 2016; ElectionGuide, 2014, October 12; 2017; *Financial Times*, 2017, September 25; The Economist, 2017, October 24; New Zealand Parliament, 2017a.

## ***Examples from elsewhere***

### **New Zealand**

For an example of these types of elections, consider how New Zealand's mixed electoral system allocates seats for the House of Representatives. New Zealand's electoral system, known as Mixed-Member Proportional (MMP), asks electors to cast two votes: one for an individual to represent their constituency (the electoral vote) and one for a party list (the party vote). After the single-member seats are allocated, the party list votes are used to compensate for the disproportionality of the single member plurality (SMP) elections. Thus, as Norris (2004) explains, if a party receives 10 percent of the list vote but does not receive any of the single-member seats, that party is awarded list seats until their number of seats is equivalent to 10 percent of the legislature. In New Zealand, 70 seats are filled through SMP elections, while the remaining 50 seats are filled through multi-member PR. In some cases, the number of seats in the New Zealand House of Representatives can be increased because of "overhang" seats (Green, 2017; Electoral Commission of New Zealand, 2018; n.d.a; b). Overhang seats occur when a party receives more seats through the electorate vote than they would otherwise be allocated through the party vote. More specifically, an MP gains an overhang seat when he or she get more votes in their riding than their party gets at the national level. For example, if a party is entitled to six seats based on the party vote, but wins seven constituencies, then the seventh seat is called an overhang seat (Electoral Commission New Zealand, undated – a). Figure 5 provides an example of New Zealand's ballot.

### **Germany**

In the German Bundestag, there are 709 seats, of which 598 are statutory or fixed. Overhang and balance seats increase the number of seats in the legislature from 598 to 709. Of the statutory seats, half (299) are allocated based on the electorate vote. The remaining seats go to MPs that win by the party vote. Similar to New Zealand, in some cases overhang seats can be added to the Bundestag. However, unlike in New Zealand, "balance seats" can also be added to the Bundestag (Deutscher Bundestag, 2013; Institute for Democracy and Electoral Assistance [IDEA], 2005). The issue with "overhang" seats became apparent with Angela Merkel's Christian Democratic Party in 2009. That year, the Christian Democratic Party won so many electorate votes that there were not enough party votes to create a legislature that was an accurate representation of the way people voted.



for political parties to gain seats in the legislature and equality of votes. To correct this, in 2013 the court amended the Federal Electoral Act to create “balance” seats. These “balance” seats simply compensate for any disproportionality that may arise from overhang seats. In the last general election in 2017, 111 seats were added to the Bundestag. Of those 111, 46 were overhang seats and 65 were balance seats (Kirschbaum, 2009, September 23; Germany, Federal Returning Officer, 2017; Franklin, 2013, May 3; Dick, 2013, August 19; European Parliamentary Research Service Blog, 2013; Spiegel Online, 2013, September 19; Staudenmaier, 2017, September 24; Inter-Parliamentary Union, 2018, March 16; The Economist, 2017).

## **Mexico**

In Mexico, the Chamber of Deputies has 500 seats. Of those, 300 are awarded to MPs who win by the electorate vote. The remaining 200 seats are awarded to MPs who win by the party vote (table 2). One feature of Mexico’s Chamber of Deputies that sets it apart from legislatures in other MMP systems is that it has a fixed number of seats, which prevents overhang seats being allocated (Barnes, Lithwick, and Virgint, 2016; Tribunal Electoral de Poder Judicial de la Federación, 2014; Instituto Nacional Electoral, 2018; Institute for Democracy and Electoral Assistance [IDEA], 2005; ElectionGuide, 2015, June 7). Some argue that “overhang” seats enable the seats in the legislature to be distributed proportionally. Consequently, having a fixed number of seats may result in a legislature that is not as proportional as legislatures that do have these seats (Scoop, 2008, October 22; Thomas, 2011).

Mexico uses the Hare quota to allocate seats based on the party vote (ElectionGuide, 2015, June 7; Tribunal Electoral de Poder Judicial de la Federación, 2014; Institute for Democracy and Electoral Assistance [IDEA], 2005; Revolv, undated – b). For a party to be considered in Mexico, it must meet the threshold of at least three percent of the countrywide vote (Tribunal Electoral de Poder Judicial de la Federación, 2014). As a consequence, the use of the Hare quota means that in Mexico there is greater proportionality (compared to countries that use the Droop quota) and smaller parties have a better chance of gaining seats in the legislature because both large and small parties are treated the same (Lijphart, 1990).

## **Conclusion**

In this paper’s review of the various types of PR systems and their uses around the world, it has become clear that there are many nuances among

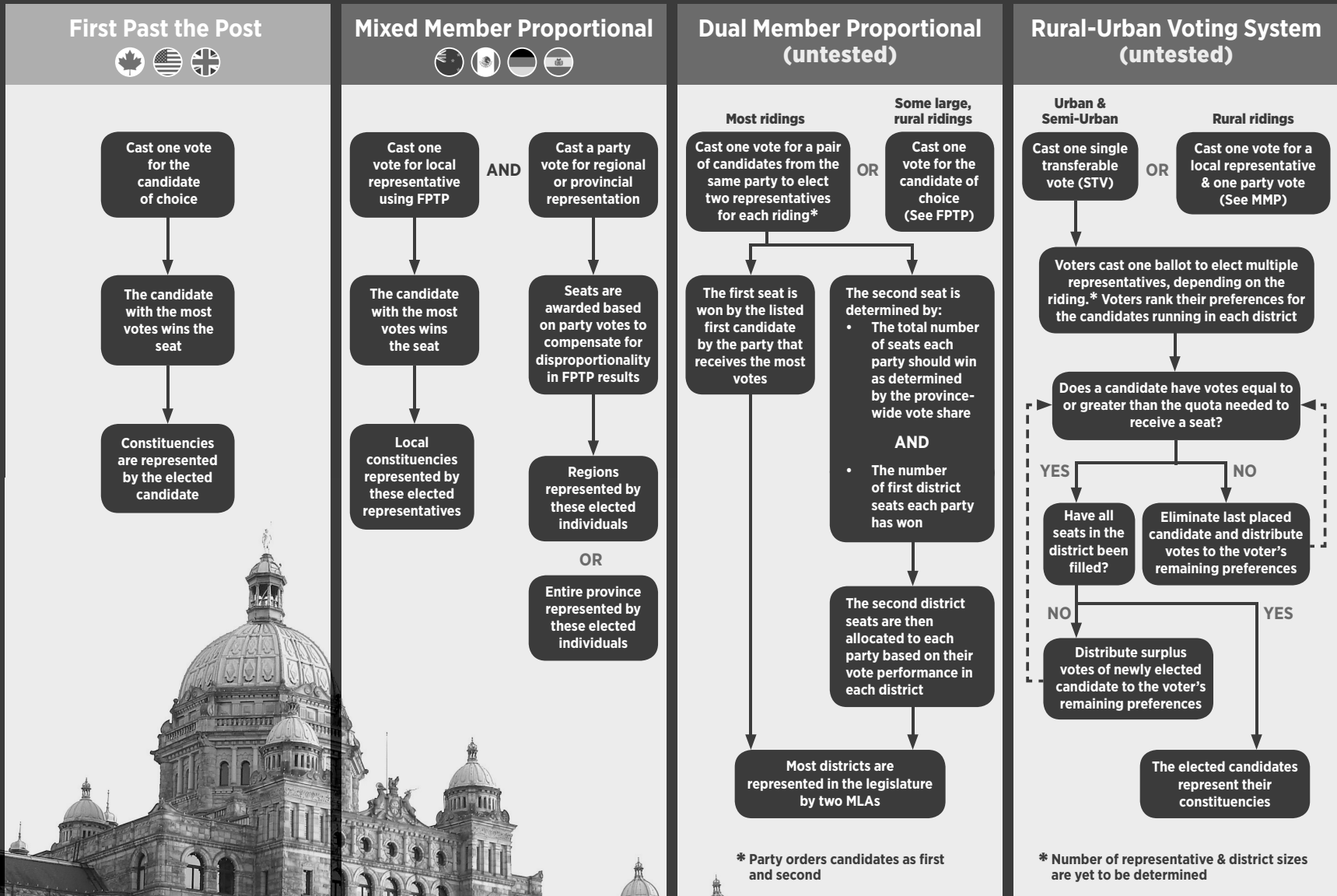
the different PR systems that affect the outcome of elections and the party system that results. Campaign slogans that argue for proportionality may aim for high ideals of democracy, but the slogans understate the complexity of crafting a new electoral system. If the forthcoming referendum on electoral reform in British Columbia supports a move to PR, much public input and debate will be needed to determine what kind of proportional system would benefit the province. As such, reform of the electoral system will need to include an assessment of the voting formula because some calculations favour large parties, while others favour smaller parties. In addition, those who design the system will have to take into consideration whether voters will be focusing on the parties or the representatives. Before BC voters can indicate with any certainty that they favour PR, they first need to know what specific type of PR will be implemented, including the type of formula used, and they need to know if any redistricting will occur.

Like most electoral systems, the PR electoral systems discussed in this paper have advantages and disadvantages. Regimes that use the single transferrable vote as their voting system value the public being able to choose between parties and between candidates in those parties. In this system, it can be easier for independent candidates to get elected. STV has been shown to help promote women and minority group candidates. One disadvantage of this system is that the process of counting the votes takes longer than in other systems, which means that the results are not likely to be declared on the night of the election as they can be with FPTP. Further, STV systems are prone to “donkey voting.” In other words, voters will simply rank candidates in the order they appear on the ballot, which does not make for informed voting decisions. They do this because in large constituencies the ballot papers can become very long, which can lead to confusion among the electorate and can also discourage voting (UK Engage, 2013b).

Proponents of PR argue that this system increases the likelihood that both women and minority groups are elected because parties benefit from providing balanced lists that appeal to a wide range of voters. However, PR also tends to weaken the link between the MP and the constituents. This is especially the case with closed party list systems. The electorate may feel that they have no opportunity to determine which specific MP is going to represent them, and thus the accountability of the elected official is reduced (Institute for Democracy and Electoral Assistance [IDEA], 2005; UK Engage, 2013a).

Mixed member proportional is praised because voters believe that it is a system in which fewer votes are wasted. Because smaller parties have a better chance of being elected, the public can express its distaste for the incumbent government by choosing fringe parties. (In turn, in MMP, some

# A comparison between BC's current voting system and proposed proportional representation models



smaller parties are allowed to be represented in the legislature.) MMP also allows the public to vote for both an individual candidate and the party of their choice. As a result, this system often reduces the dominance of one or two larger parties in the legislature. Unlike the closed party list system, MMP retains the link between the electorate and the MP. However, in cases where smaller parties have a better chance of electoral victory, some of those parties can be extremist—either on the left or on the right.

These systems often result in minority governments, which means that sometimes the smaller parties have a disproportionate impact on how the resulting government is constructed. Because minority or coalition governments are so frequent in PR electoral systems, government itself can often be unstable. Similar to STV, PR systems can sometimes create lead to long, complicated ballots, which can discourage the electorate (Thomas, 2016).

To replace British Columbia's electoral system will require trade-offs and a clear understanding of the impact that such changes will have on the way in which the votes are tallied, and what impact that might have on the legislature, the party system, and the province's political culture. The interaction of all the factors involved in changing the electoral system makes it exceedingly difficult to anticipate the likely consequences of such a change. Nonetheless, a subsequent essay in this series, *The Impact of Proportional Representation on British Columbia's Legislature and Voters*, will examine what effects a shift to PR would have for British Columbia.

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# 3. The Impact of Proportional Representation on British Columbia's Legislature and Voters

by Lydia Miljan and Taylor Jackson

## Introduction

British Columbia's supply and confidence agreement between the New Democratic Party (NDP) and the BC Green Party was the catalyst for The Electoral Reform Referendum 2018 Act, which specifies that the government must hold a referendum on changing the province's electoral system to a form of proportional representation (PR) by November 2018. If successful, BC would be the first province in decades to shift away from using the first-past-the-post (FPTP) electoral system to translate votes into seats in the provincial legislature.<sup>1</sup>

Proponents advocating for the change to a PR electoral system argue that the current system is unfair because it disproportionately allocates more seats to certain parties than the proportion of votes that those party receive, and also potentially leads to minority views being underrepresented.<sup>2</sup> However, this single-minded critique of the current system that PR proponents have put forth is simplistic because it only considers the issue of proportionality and ignores the many inevitable tradeoffs that changing to a proportional system involves.

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<sup>1</sup> British Columbia is one of only a few provinces that have used different electoral systems in its history. For example, in the early 1950s, BC briefly used an Alternative Vote electoral system in a few provincial elections before returning to FPTP (see Jansen, 2004).

<sup>2</sup> For an overview of the views proponents have of the different systems, see Blais (1991), Norris (1997), Norris (2004), and Lijphart (2012).

Indeed, changing the electoral system to a form of PR would undoubtedly lead to both planned and unforeseen changes that would affect how the government functions, how public policy is made, and would influence representation and voter accountability, among other matters.

This study takes a comprehensive look at how a shift to PR could affect British Columbia, focusing particularly on the effects that PR would have on the composition of the legislature, the formation of government, and on voter representation and political accountability.

## **Composition of the legislature**

One often overlooked consequence of PR systems is that they result in party fragmentation in the legislature. As long ago as 1954, Maurice Duverger pointed out that the choice of an electoral system has consequences for the party system. His insight can be expressed as a maxim: plurality/majoritarian electoral systems tend to produce a “two-party system,” whereas PR systems tend to result in “multi-partism” (pp. 217, 239). Duverger’s insights about the dual nature of party competition in majoritarian and plurality electoral systems are evident in British Columbia. In the last two decades, BC’s elections have effectively been competitions between the New Democratic Party (NDP) and the BC Liberal Party, with these two parties accounting for, on average, 83 percent of the popular vote in elections. Moreover, only when a third party was able to win seats did wide distortions in the popular vote compared with electoral seats become evident. For example, in the 1996 election, the Liberal Party won 33 (out of 75) seats despite receiving a higher percentage of popular votes.<sup>3</sup> Two small parties, the Progressive Democratic Alliance and the Reform Party of British Columbia, won three seats. The splintering of the vote that arose from multi-party competition was what distorted the vote, not the electoral system itself.

Political parties that are able to attract only small percentages of the popular vote are normally based on single issues (environmental parties, for instance), regional considerations, or perhaps extreme ideological preferences (in BC, for instance, a Communist Party is still registered). By changing to a PR system, smaller parties that are unable to gain traction in the FPTP system would then be able to secure seats because of the way in which the PR electoral system allocates seats. In other words, under a FPTP system, a single-issue or regional party that received 5 percent of the

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<sup>3</sup> The Liberals won approximately 42 percent of the popular vote compared to the NDP winning approximately 40 percent of the popular vote.

vote would be unable to secure seats in the legislature, whereas the same party with the same narrow focus would obtain seats under PR. A PR electoral system thus results in the formation of more single-issue parties and an increasing splintering of the vote.

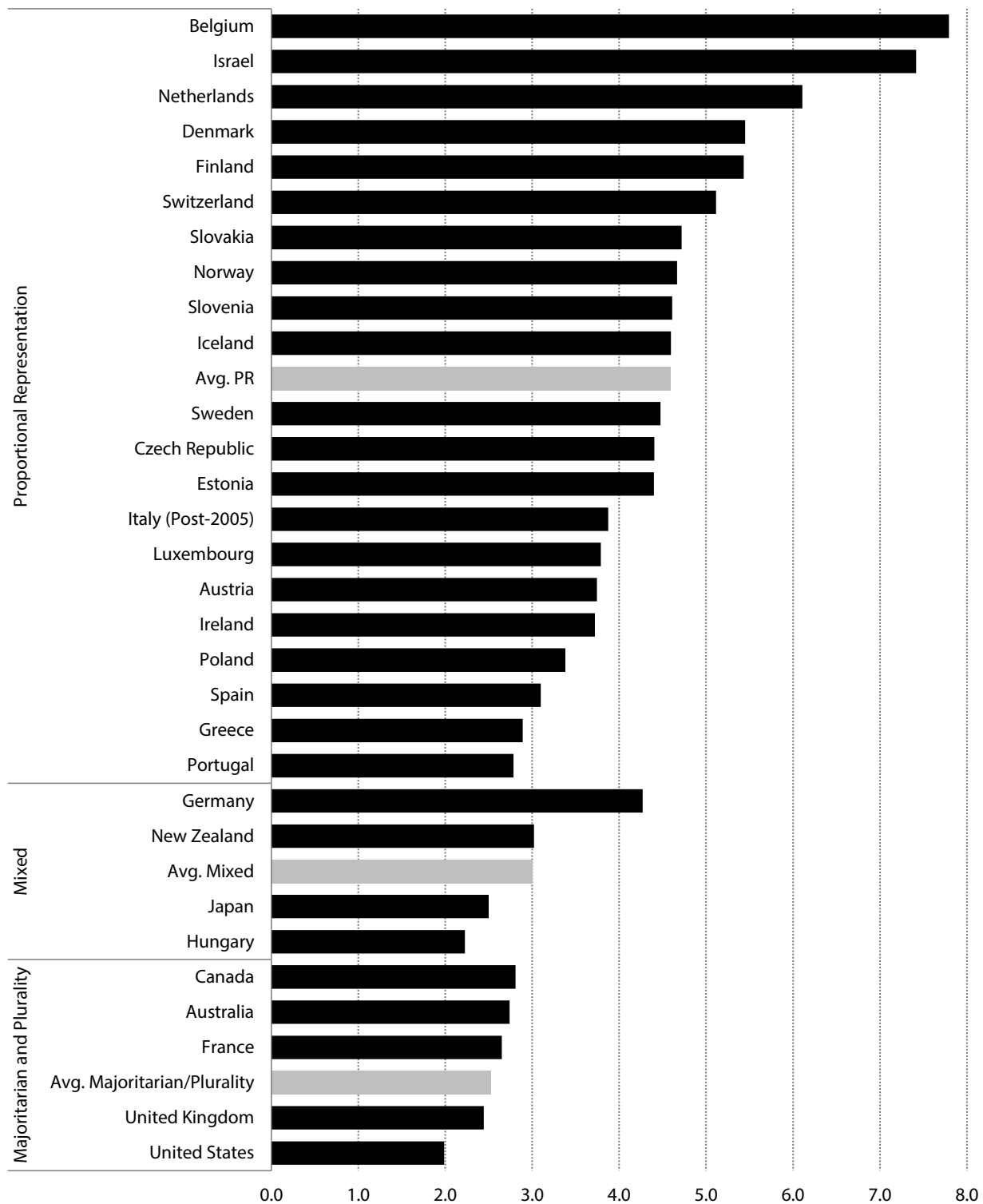
Duverger's analysis largely fits the empirical data of the national legislatures in our sample of countries. When analyzing the number of parties in legislatures, it is important to account for the relative size of the parties so as to not bias the results. To do this, Laakso and Taagepera (1979) developed a measure known as the effective number of parliamentary parties (ENPP). This measure is commonly used in comparative politics research as a means for controlling for the effects of very small parties (for example a party that runs one candidate in one constituency) and parties that are unequal in size. The estimate is based on the seat share a party received in a given election. The estimator can be expressed as  $N_s = \frac{1}{\sum s_i^2}$ , where  $s_i$  is the seat share of the  $i$ -th party (Laakso and Taagepera, 1979).

Figure 1 presents the average ENPP of 30 countries for elections from 2000 to 2017. On average, countries with plurality or majoritarian electoral rules had an ENPP of 2.5. This compares to an average ENPP of 3.0 in countries with mixed electoral systems, and an average ENPP of 4.6 in countries with PR, meaning that there are on average two more parliamentary parties in PR electoral systems than in majoritarian systems. In other words, the same country with the same electorate and the same values would have a significantly different number of parties in the legislature solely as a result of its electoral system.

It is worth noting that within the three electoral family types, there is a wide variation in the ENPP among countries. Most notably, this is the case within the PR electoral family. For example, the PR country with the largest ENPP is Belgium at 7.8, while Portugal has the lowest ENPP of PR countries at 2.8. Such a wide range makes it difficult to project the level of fragmentation in the BC legislature should that province switch to a PR electoral system.<sup>4</sup> Indeed, the exact ENPP of a jurisdiction depends on other electoral system characteristics beyond simply the electoral formula,

<sup>4</sup> That being said, if we assume that BC switches to a PR system and that there is no endogenous shift in votes, we can at least get a sense of the direction that BC's ENPP would be headed. For example, after the 2017 election, BC's ENPP was 2.1. However, the effective number of parties based on vote share after the 2017 election was 2.8. This number would more closely align with BC's ENPP under a PR system since votes would be more closely aligned to seats, although the ENPP would likely be even larger once the electoral institutions associated with PR were implemented and party and voter behaviour adjusted to the new electoral system. Nevertheless, this analysis does provide a clear indication of the direction in which legislature fragmentation would head should BC shift to a PR electoral system.

**Figure 1: Average Effective Number of Parliamentary Parties for Elections Between 2000 and 2017**



Sources: Döring and Manow (2016); Inter-Parliamentary Union (n.d.).

including the vote threshold or district magnitude in addition to various social cleavages<sup>5</sup> present within the polity and other socio-political variables (see Neto and Cox, 1997). Despite this, the preceding analysis indicates with some certainty that if BC switches to a PR electoral system, the province's legislature will become more fragmented. Moreover, given some of the social heterogeneity present in BC (for example, the urban-rural divide, voters who are environmentally focused vs. resource development focused, etc.), it is more likely that BC would have an ENPP closer to the average for PR countries rather than on the lower end of the spectrum.

That PR electoral rules lead to a more fragmented legislature should not come as a surprise. In fact, larger district sizes or “magnitudes,” and PR electoral formulae are the central ways by which PR electoral systems attain a more proportionate allocation of seats to votes than do plurality or majoritarian electoral systems.<sup>6</sup> While this seat allocation ratio is often viewed positively by PR proponents, a more fragmented legislature also brings with it a number of drawbacks. One such drawback is the type of party that can be elected. As a greater number of parties receive seats in PR electoral systems, the effective threshold for parties to get elected is lower, which often leads to fringe or extreme parties on both the left and right of the political spectrum receiving a greater share of seats than they would in majoritarian and plurality systems. Research has also found that different electoral systems provide differing ideological incentives for parties. The results typically suggest that PR electoral systems tend to give political parties an incentive to take ideological positions that are more polarized or further away from the median voter, which results in a more polarized party system than is the case in majoritarian and plurality systems (Downs, 1957; Cox, 1990; Dow, 2001, 2010; Calvo and Hellwig, 2011; Hug and Martin, 2012; Catalinac, 2018). The result is greater difficulty in making inter-party compromises or, reciprocally, a greater likelihood of legislative deadlock.

### ***Internal versus external coalitions***

A more polarized party system could lead to important policy implications, should BC shift to a form of PR. Proponents of PR argue that party ideological diffusion away from the polity's center is one of the system's benefits because it allows for a greater representation of minority views.

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<sup>5</sup> Cleavages refer to the various divisions in society such as ethnicity, language, religion, union membership, rural vs. urban, etc. (see Neto and Cox, 1997).

<sup>6</sup> For comparisons of the relative proportionality or disproportionality of different electoral systems, see Lijphart (2012) and Norris (2004).

This argument assumes that minority views are not well represented in FPTP electoral systems. This is misleading because all “democratic government is coalition government” (Bawn and Rosenbluth, 2006: 251). In PR electoral systems, parties often represent more narrow interests and no party tends to receive a majority government. As a result, and in order to govern, parties have to form explicit, multi-party coalitions after elections. Smaller parties that might represent more minority views may become members of the governing coalition, allowing them to have an impact on the government’s policy decisions. While the influence of minority views is more explicit in PR electoral systems, minority views are still represented in plurality and majoritarian systems because no single party can gain the widespread support that would enable it to govern in such systems without building a coalition of both large and small groups in society. In other words, the parties in majoritarian and plurality systems and their platforms must be broad enough to appeal to number of constituent groups. As an example, consider the coalition that currently makes up BC Liberal party voters. As the dominant center-right party in the province, the Liberals must create a platform that appeals to those voters who tend to coalesce, in varying degrees, to the right of the political spectrum—including moderate centrists, fiscal conservatives, social conservatives, and libertarians, among others. To attract as many voters as possible, the Liberals need to have a platform strong enough to appeal to all of the disparate groups, but not so strong in one particular area as to turn off other voters not motivated by that policy area. Another way of thinking of this is that many different voter blocs, including those representing minority views, tend to get a little bit of some of their policy preferences, but not all of them. As a result, majoritarian and plurality electoral systems lead to more moderate policy platforms. This type of coalition-building within the party system creates more stable governments because the varying factions within the party are more likely to compromise than if they were in separate parties.

## **Coalition governments**

One main effect of the more fragmented legislatures that result under PR electoral rules is that it becomes more difficult for a single party to attain a majority of the seats in a legislature. For example, Blais and Carty (1987) found that the probability of having a one-party majority government under PR electoral rules was effectively zero. As a result, multiple parties have to enter into coalitions in order to govern, which brings additional consequences.

Should BC shift its electoral system to PR, one of the more dramatic consequences will be a shift in the type of government that is most often formed. Indeed, our sample of countries clearly shows the effect that different electoral systems have on the type of government that is formed—primarily a single-party majority or a coalition government. Based on our sample of national elections, between 2000 and 2017, only 23 percent of elections in countries with majoritarian or plurality electoral systems resulted in coalition governments,<sup>7</sup> with an average of 2.3 parties participating in the coalition. In mixed electoral systems, 95 percent of elections resulted in coalition governments, and there were, on average, 2.6 parties in each coalition. In countries with PR-based electoral systems, 87 percent of elections resulted in coalition governments. PR electoral systems also had the highest average number of parties in the coalition at 3.3 (table 1).

The far greater need to form coalition governments in countries with PR (and mixed) electoral systems interacts with the greater propensity for small and fringe parties to be elected, in that such parties are needed by the larger parties to form coalition governments. This creates situations where smaller, single-issue, fringe, ethnic, and/or regional parties are able to exert proportionally *more* power in government than their vote total would suggest because the larger parties need their elected members to form a governing coalition. This proportionally greater power for small parties results in policies favoured by these parties being enacted by the government as a condition of the small parties' support for the coalition in government, even though such policies were rejected by the overwhelming majority of the electorate.<sup>8</sup>

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<sup>7</sup> This result was heavily influenced by Australia, where four out of six elections in the period culminated in a coalition government due to a long-standing coalition between the Liberal Party of Australia and the National Party of Australia.

<sup>8</sup> An example of this dynamic may be currently playing out in BC. As mentioned above, after the 2017 election, a supply and confidence agreement between the BC NDP and Green Party enabled the NDP to form government. The NDP currently has 41 seats in the Legislature, while the Greens have 3. A possible example of the smaller party exercising a disproportionate amount of power can be seen over the issue of producing natural gas and exporting it to global markets as liquified natural gas (LNG). Recently, Green Party leader Andrew Weaver threatened to take down the NDP government for its apparent support of LNG development by withdrawing from the coalition and ushering forward a non-confidence vote, which in all likelihood would result in a new election (Hunter, 2018, Jan.18). The NDP has previously indicated that it would continue to support LNG development, which puts the two coalition members at odds (Bailey, 2017, July 23). The issue of disproportionate influence comes from a comparison of the Green Party's support from the previous election and general support for the development of an LNG industry in the province. In BC's 2017 election, the Green Party received just under

**Table 1: Coalition Government Statistics, OECD Countries, 2000-2017**

	Majoritarian/ Plurality	Mixed	Proportional Representation
Percent of election resulting in coalition governments	23%	95%	87%
Average number of parties in a coalition	2.3	2.6	3.3

Sources: Döring and Manow (2016); Inter-Parliamentary Union (n.d.)

Another concern with coalition governments is policy uncertainty. In an analysis of uncertainty in BC from January 2009 to July 2017, Miljan (2017) found that the 2017 BC election resulted in the highest level of uncertainty in the period. This high level of uncertainty was also sustained over a relatively longer time than had been seen elsewhere in that period. Heightened uncertainty largely stemmed from issues surrounding which party the Green Party would support and the policy direction that this would take the province. Miljan (2017) went on to conclude that should British Columbia shift to a PR electoral system, policy uncertainty following elections would likely increase, as the probability of an election resulting in a coalition government would increase substantially.<sup>9</sup>

17 percent of the popular vote, but in a 2013 survey, 50 percent of British Columbians supported the development and export of LNG. In a 2016 survey, fewer British Columbians supported LNG development, with only 43 percent indicating they did so (41 percent were against), although more British Columbians were still in favour of LNG development than those who were against. In both surveys, a greater proportion of British Columbians supported LNG development than the percentage that voted for the Green Party (Hoekstra, 2016, Mar. 23). While it remains to be seen whether the current government will dissolve over this issue, the case illustrates how it is possible for a smaller party to exert a disproportionate amount of power in a coalition government. In addition and on the issue of disproportionate influence by small parties in coalition governments, a wide body of research, notably that of Persson and Tabellini (2003), has found that policy capitulations from large parties in coalitions with small parties is one of the reasons that government spending is higher in countries with PR electoral systems (that is, in countries with elections more frequently resulting in coalition governments), compared to majoritarian and plurality electoral systems (see, Clemens et al., 2016).

<sup>9</sup> High levels of policy uncertainty can have an impact on the economy and investment because investors perceive investments in such jurisdictions to be riskier,



**Table 2: Number of Days Between Election and First Coalition Cabinet Formation**

Electoral System	Mean	Max	Min
Mixed	32	86	9
Proportional Representation	50	541	0

Sources: Döring and Manow (2016); Inter-Parliamentary Union (n.d.)

Uncertainty could also be heightened during the periods when the coalition governments are being formed, since the outcome and policy direction of the government will be unclear. For example, the average number of days between the election and the formation of the first coalition cabinet in our sample of countries that use PR electoral rules was approximately 50 days (see table 2). The longest time between the election and cabinet formation was 541 days in Belgium after its 2010 election. On the few occasions when the election results were essentially status quo, cabinets continued on because they needed no great reformation. It took less time, on average, in countries with mixed electoral systems to form their first post-election cabinets, likely owing to the fact that there were, on average, fewer members in the cabinet under mixed electoral rules when compared to PR. However, these types of systems can also result in long periods between the election and cabinet formation. Notably, Germany has just finalized a very long coalition bargaining period. Germany's most recent election took place on September 24, 2017, but bargaining to form a cabinet only concluded on March 4, 2018, 161 days after the election. Since most elections that use plurality or majoritarian electoral rules result in majority governments, the potentially long gaps between the election and government formation (when policy uncertainty can be high) do not occur often. To repeat, long periods between elections and government

and therefore they might hold back their investment capital until the uncertainty subsides, or invest in another jurisdiction altogether. As an example, given the uncertainty surrounding the development of LNG in BC, particularly given the Green Party's vociferous position, firms looking to invest large sums of capital into LNG exports may withhold their investments, or invest elsewhere, such as in the United States or Australia, which do not have the same level of policy uncertainty surrounding the industry.

formation add to uncertainty, which has evident economic consequences. British Columbia might be susceptible to long bargaining periods if there is a high degree of fragmentation in the legislature. As noted in the preceding section, there is a real possibility that this could be the case in BC if the province shifts to a PR electoral system, given the number of social and political cleavages that already exist in the province. If BC had to engage in protracted negotiations to form a coalition government, this could have serious adverse effects on government stability and policy uncertainty.

Many issues can stem from coalition governments, which would likely be the norm if BC changed its electoral system to PR or a mixed system, and this section has analyzed some of them. One such issue results from the greater presence of small parties in the legislature under PR and mixed system electoral rules compared to plurality and majoritarian rules. A common critique of plurality and majoritarian electoral rules is that they dispense a disproportionate amount of power to larger parties, which can lead to one party receiving a majority government without receiving a majority of the votes. However, the converse can be true in PR electoral systems, where small parties can receive disproportionate amounts of power. In some situations, this can happen because the large parties need the support of the small parties to govern in a coalition. This can lead the larger parties to capitulate on areas of policy that the small parties prefer and which only a small minority of the population may support, thus granting the small party a disproportionate amount of power. In addition, coalition governments may create more policy uncertainty in jurisdictions with PR electoral rules compared to jurisdictions operating under plurality or majoritarian rules, as BC now does, due to the uncertainty over which parties will form the coalition and the time that it can take to form the coalition government.

## **Representation and accountability under PR electoral rules**

There are two final criteria that ought to be evaluated in the context of BC's potential change to its electoral system: (1) how different electoral institutions may affect the representation of voters; and (2) the translation of voter preferences into policy and the accountability of elected leaders.

The effective representation of voter preferences is a key component of a well-functioning democracy. Some proponents of PR argue that this form of electoral system has a clear advantage when it comes to effectively representing the diverse views of voters. Their logic is that the negotiation of coalition governments allows for the inclusion of more viewpoints

and that this will produce policy that is closer to what the median voter wants.<sup>10</sup> However, recent research suggests that this may not be true (for example, Blais and Bodet, 2006; Lowen, 2017). For example, Loewen (2017) gives three reasons why PR electoral systems are not necessarily more representative of voter preferences.

First, when coalition negotiations are taking place, there is no guarantee that power and the policies of the government will be divided in such a way that they represent the views of the average voter. Distortions or disproportionate amounts of influence are just as likely to result from the coalition bargaining process. In other words, the exertion of disproportionate power by small, even fringe parties, can result in the adoption of policies that the overwhelming majority of voters reject, so in fact they are far from the median voter's preferences.

Second, since coalitions are formed on tight policy bargains and capitulations between the coalition partners, a coalition government could find itself less able to shift to the changing views of the median voter following the negotiations.

Third, in PR systems, cabinets do not last as long as they do in plurality and majoritarian systems. Specifically, between elections coalition governments are more susceptible to changes in key cabinet members, or in coalition parties. These types of changes tend to be related to shifts in the policy direction of the government, which could move government policy either away from or toward the median voter (which, in the latter case, would mean that the government was farther away from the ideal point in the first place). Loewen (2017) contrasts this with the relatively swift ability of single-party majority governments to move closer the median voter or the policy preferences of the majority without the fear of an immediate reprisal, for example, in the form of a destabilized coalition. Such nimbleness can allow single-party governments to enact major policy reforms more freely than coalition governments are able to do. Two examples of this type of situation are the Chrétien government's deficit reduction measures in the 1990s and the implementation by the BC Liberals of a carbon tax in 2008-09.

Goodyear-Grant (2017) alludes to another issue with representation under PR electoral rules. When voters go to the polls, they most often cast their vote for the party whose platform most closely aligns with their overall preferences. Under plurality electoral rules, the winning party is likely to receive a majority government and so has the mandate from voters to enact the policies outlined in their platform.<sup>11</sup> Thus, the translation of

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<sup>10</sup> For more on this view, see Lijphart (2012).

<sup>11</sup> Of course, parties may choose to disregard their platforms and mandates but they

voters' preferences into policies is fairly clear. However, under PR electoral rules, because of the post-election bargaining that often has to occur to form a coalition following elections, a gap can emerge between the mandates that voters granted to the parties and the policies that result from the coalition government. As Goodyear-Grant explains:

... extensive alterations to a party's platform as a result of coalition bargaining after the electorate has cast its ballots can challenge the mandate model of representation, depending on how far the negotiated coalition agreement deviates from parties' election promises. Put simply, voters cast ballots for a set of campaign proposals, and coalition governments may pursue something that looks quite different. (2017: 58)

Within a democracy, accountability can be described as the ability of voters to punish or reward governments and candidates for what they view as either policy success or failures. How politicians and governments are held accountable under the existing electoral system in British Columbia is relatively straightforward. Because the province uses single-member districts, if voters are dissatisfied with the performance of their particular member of the legislative assembly (MLA), they can simply shift their vote to another candidate. The same logic applies to the government as a whole. Since most elections using plurality rules result in a majority government, if voters are unhappy with the government, they can clearly identify who is at fault and vote for a different party.

Holding governments accountable becomes more difficult when the government is a coalition. Loewen (2017) argues that voters have limited knowledge about politics and policies and it can be difficult to clearly assign blame and credit. He cites experimental evidence that suggests that voters are best able to overcome these limitations and hold governments accountable when they only have to consider the actions of a single party or individual. At the same time, voters are given limited options during elections and can only use their vote to punish or reward governments for their policy decisions.

Goodyear-Grant (2017) similarly argues that having coalition governments "diminishes accountability" (p. 57). She contends that coalition governments tend to blur the responsibility for policy actions and that this can make it difficult for voters to clearly assign blame or credit. Along similar lines, Fisher and Hobolt (2010) find empirical evidence that suggests that retrospective voting (voting that is based on the evaluation of the government's performance) is weaker when it involves a coalition.

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can then be held accountable by voters during the next election.

Specifically, Fisher and Hobolt (2010) found that only five percent of voters who thought that single party government did a very bad job voted for the incumbent party, whereas 16 percent of voters who thought a coalition government did a very bad job voted for the incumbent. This suggests that there is less retrospective voting based on government performance when the government in question is a coalition government. Fisher and Hobolt (2010) also found that retrospective voting declines when the number of parties in a coalition increases. This further suggests that voters have increased difficulty holding parties to account when the number of parties in a coalition increases.

## Conclusion

All electoral systems involve trade-offs and each embodies different views about how democracy should function. Normatively speaking, electoral systems such as the one under which BC currently operates and which often produce single party majority governments, tend to emphasize stable and effective governance; PR electoral systems, the suggested alternative in BC, tend to emphasize a more proportionate allocation of seats based on votes. Whether one outcome is more desirable over another is debatable.

However, discussions about electoral reform, both in BC and elsewhere in Canada, tend to focus solely on the perceived need for a more proportionate electoral system. This singular emphasis ignores many of the other aspects of an electoral system that are equally critical; electoral systems ought to be evaluated on far more than one criterion.

This study considered a fuller range of criteria and investigated how a shift to PR in British Columbia might affect the composition of the legislature, the types of governments that would be formed, and how a change in the electoral system could affect the representation of voters and the accountability of politicians. The study found, first, that a shift to PR in BC would likely lead to a more fragmented legislature and a greater polarization of political parties. Second, it showed that coalition governments would likely become the norm, the effect of which could be to allow minor parties to exercise a disproportionate amount of power and increase policy uncertainty in the province. Third, the study found that a shift to PR could reduce the effective representation of voter preferences, while also making it more difficult for voters to hold governments and politicians accountable.

These findings suggest that, at the very least, debates surrounding electoral reform need to be expanded and that governments and citizens should consider a broader set of evaluative criteria when determining whether it is necessary to change BC's electoral system.

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# 4. Electoral Rules and Fiscal Policy Outcomes in British Columbia

by Lydia Miljan and Taylor Jackson

## Introduction

In the design of any electoral system, several political and electoral aspects must be considered, yet one often ignored area is the way in which electoral rules influence government policy, particularly fiscal policy, which encompasses both government spending and the taxes required to pay for it. A change in the method by which a society elects its political representatives will also change the incentives and power structure of the government, which in turn will influence fiscal policies.

The preponderance of empirical evidence indicates that moving to a PR electoral system leads to higher government spending and more deficits. Put simply, changing our electoral rules does not just change the way we elect our political representatives; it is also likely to change basic government policy over time, which will probably lead to a larger government sector and more borrowing.

The first part of this study defines and clarifies several terms that we use throughout. The second section provides an overview of the conceptual argument relating to why electoral systems influence not only electoral outcomes but also fiscal policy. The third section reviews existing research on the relationship between electoral rules and fiscal policy outcomes with particular emphasis on government spending and fiscal balance (deficits and surpluses). The study ends with a brief conclusion.

While British Columbia is a sub-federal jurisdiction, this study focuses on national electoral systems and legislatures throughout, as concentrating on the national level allows for the broadest possible comparison of electoral systems. Also, much of the literature analyzing how electoral

systems affect fiscal policy has been done at the national level. Nevertheless, given that the linkage between electoral systems and fiscal policy is based on the incentives that each system creates, research conducted at a national level should also be broadly suggestive of how a shift to a PR electoral system could affect the BC government's finances.

## **Why electoral systems affect fiscal policy: A conceptual and empirical argument**

The link between electoral rules and fiscal policy is often oversimplified and misunderstood. Indeed, the link between the two is based on an intermediary effect: the number of political parties elected.<sup>1</sup> It is not a plurality or majoritarian, or PR system *per se* that influences fiscal policy, but rather the incentives embedded within each that affect the number of political parties elected. In general terms, PR systems have a built-in incentive to elect more political parties, while plurality and majoritarian systems have incentives that lead to fewer parties.<sup>2</sup>

A substantial amount of research supports this view. For instance, Persson and his colleagues examined 40 parliamentary democracies from 1960 to 1998 to assess the relationship between electoral rules and government spending. Part of their analysis looked at the difference between plurality or majoritarian and PR electoral systems, and whether they governed by coalition or majorities. They found that:

Compared to proportional rule, plurality/majoritarian rule is correlated with a less fragmented party system, a lower incidence of coalition government, and a higher incidence of single-party governments. (Persson, Roland, and Tabellini, 2007: 176)

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<sup>1</sup> Funk and Gathmann (2010) argue that it isn't proportional representation itself, but the political consequences, in particular the more fragmented legislature, that generates more spending in proportional systems. This suggests that moving from a majoritarian electoral system that typically results in majority governments to a proportional system would likely lead to more fragmented legislatures, which in turn would lead to higher spending.

<sup>2</sup> It's worthwhile to note that numerous studies have concluded that the emergence of additional parties under PR electoral systems is a strategic response by politicians aimed at capturing additional political influence and power rather than a response to voter demands or strategic voting by the electorate. Persson, Roland, and Tabellini (2007) and Riker (1982) give additional information.

The higher number of elected political parties in PR electoral systems leads to more coalition governments than is the case in plurality or majoritarian electoral systems. Persson and his associates note that 63 percent of the election results in plurality and majoritarian electoral systems over this period were governed by a single party compared with only 17 percent for countries with PR electoral systems (Persson, Roland, and Tabellini, 2007).

More recent data on elections in advanced industrialized countries with different electoral systems provides further evidence to support the findings of Persson and his colleagues. Table 1 summarizes the key results for a selection of industrialized countries between 2000 and 2017, specifically, the average number of parliamentary parties, the percentage of elections resulting in coalition governments, and the average number of parties in coalitions based on election results.

Figure 1 shows the average number of parliamentary parties in the individual countries<sup>3</sup> included in this analysis. From 2000 to 2017, plurality or majoritarian electoral systems had an average number of effective parliamentary parties<sup>4</sup> of 2.5 compared to 4.6 in PR systems<sup>5</sup> (table 1 and figure 1). In other words, countries with PR electoral rules had over 80 percent more effective parliamentary parties, on average, than countries with plurality or majoritarian election rules.<sup>6</sup> This suggests that should British

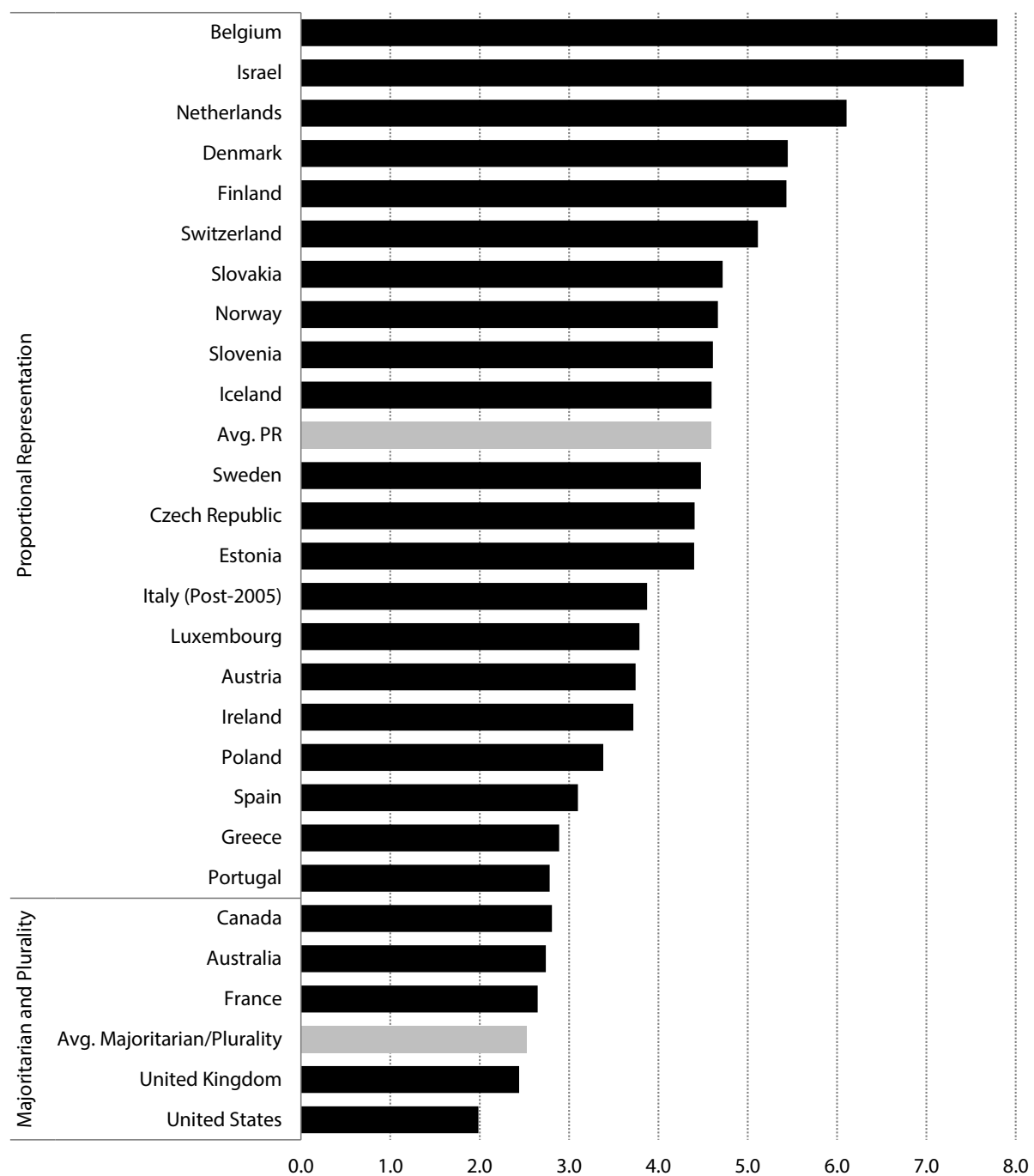
<sup>3</sup> The authors categorized the advanced industrialized countries used in this analysis based on information available from the Inter-Parliamentary Union (n.d.).

<sup>4</sup> The “effective parliamentary parties” measure is commonly used in comparative politics literature as a means for controlling for the effects of very small parties (for example, a party that runs one candidate in one constituency) and parties that are unequal in size. The estimate is based on the seat share a party received in a given election. The estimator can be expressed as  $N_s = \frac{1}{\sum s_i^2}$ , where  $s_i$  is the seat share of the  $i$ -th party (Laakso and Taagepera, 1979).

<sup>5</sup> While electing some members to their legislatures through majoritarian voting, both Spain and Switzerland have been included as PR countries since only two of 350 members in the Spanish Congress of Deputies are chosen through majoritarian voting and only five out of 200 members in the Swiss National Council are elected through a majoritarian system. Elections on Italy were only included after 2005, when the country switched to a PR system.

<sup>6</sup> This number is higher in this study than in Clemens et al, 2016, in which the data used was from 2000 to 2015 (Clemens et al., 2016). In that previous study, countries with PR electoral rules had approximately 70 percent more effective parliamentary parties, on average, than countries with plurality or majoritarian election rules. This compares to 80 percent with the most recent data, which suggests that party system fragmentation might be increasing in PR countries, or decreasing in plurality and majoritarian countries.

**Figure 1: Average Effective Number of Parliamentary Parties for Elections Between 2000 and 2017**



Sources: Döring and Manow (2016); Inter-Parliamentary Union (n.d.).

**Table 1: Electoral Outcomes by Electoral System, 2000-2017**

	Plurality/ Majoritarian	PR
Average Number of Effective Parliamentary Parties	2.5	4.6
Percentage of Elections Resulting in Coalition Governments	23%	87%
Average Number of Parties in Governing Coalitions	2.3	3.3

Sources: Döring and Manow (2016); Inter-Parliamentary Union (n.d.)

Columbia shift its electoral system to a form of PR, the number of parties that receive seats in the legislature would likely increase substantially.

Coalition governments were formed in 23 percent of elections between 2000 and 2017 in advanced industrialized countries with plurality or majoritarian electoral rules (table 1).<sup>7</sup> This finding is heavily influenced by Australia, where four out of six elections in the period resulted in coalition governments. It is worth noting, however, that Australia does not have a first-past-the-post plurality electoral system, but rather an alternative vote majoritarian system. If Australia is removed from the analysis, just 13 percent of elections led to coalition governments in countries with plurality or majoritarian election systems.

On the other hand, in countries with PR election systems, 87 percent of elections resulted in coalition governments during the same period. Put differently, countries with PR election rules are 3.7 times more likely to have coalition governments than countries with plurality or majoritarian election rules.

Finally, the number of parties usually needed to form coalition governments when a coalition is required in order for a government to be formed is higher in countries with PR election rules than in countries with plurality/majoritarian systems. On average, there were 3.3 parties in the coalitions formed in countries with PR electoral rules compared to 2.3 parties in coalitions formed in countries with plurality or majoritarian electoral rules (table 1). This means that there was, on average, at least one additional party in coalition governments formed after elections held under PR electoral rules compared to those formed after elections held under plurality or majoritarian rules.

<sup>7</sup> Not included in the analysis were cases where no government could be formed following an election, which led to another election being held.

The idea that PR electoral systems elect more parties to the legislature and result in more coalition governments is not controversial<sup>8</sup>; PR is designed to allow more of the smaller vote-receiving parties to be elected than plurality/majoritarian electoral systems.<sup>9</sup>

The link between these electoral rules and fiscal policy is referred to as a “common pool problem.” This key insight into the two electoral systems is often misunderstood and generally misrepresented in public debates. Put simply, it is often stated that plurality or majoritarian election systems do not sufficiently foster coalitions.

However, plurality or majoritarian systems provide incentives for political parties to form coalitions *within* the party (Bawn and Rosenbluth, 2006). In other words, the parties and their platforms must be broad enough to bring in a number of constituency groups. An example of this is the way in which major parties in most plurality or majoritarian countries accommodate voters who are firmly focused on the environment. Each party has an incentive to have a strong enough platform to attract environmentally-motivated voters so there is no need for a stand-alone, environmentally-focused political party. By adjusting their platforms to meet the needs and interests of a wide range of voters, the costs of the coalitions are managed and incurred *within* the parties themselves. In economic parlance, the costs of the coalitions are largely internalized to the parties themselves.

PR systems, on the other hand, encourage the creation of stand-alone, single-issue, and regional parties. This means that instead of a single party containing a broader coalition within it, as is the case in plurality and majoritarian electoral systems, smaller, single-issue parties proliferate in countries with PR electoral systems. Those smaller parties contest elections alongside the larger, broader parties. Using the environmental example above, countries with PR systems tend to have single-issue environmental parties, most notably the Green Party, elected and represented in their parliaments. Indeed, the result in the most recent BC election would be considered standard or normal in countries with PR election rules wherein a small niche party, in this case the Green Party, holds the balance of power since neither of the larger parties has secured enough seats to form a majority.

A side effect of the incentives embedded within PR electoral systems is that they are far more likely to need coalitions for a government to be

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<sup>8</sup> To read more about how PR electoral rules lead to more parties, see Rae, 1971; Taagepera and Shugart, 1989; and Lijphart, 1990.

<sup>9</sup> For a more in-depth discussion of the links between electoral rules and party structures (as well as coalitions) see Persson, Roland, and Tabellini (2007).

formed since it is significantly more difficult for parties running in elections held under those rules to secure a majority in an election. However, governing by coalition means that the costs of the coalition, which take the form of policies implemented by the government, are borne not by the party, as is the case with plurality and majoritarian systems, but by the broader public as will be explained below.

Smaller, single-issue, and regional parties exert disproportionately more power in government under PR electoral systems than under plurality and majoritarian electoral systems because the larger parties need the elected members from those smaller parties so they can form a governing coalition. This proportionally greater power results in policies favoured by these smaller parties being enacted by government as a condition of the smaller parties' support for the coalition in government, even though the majority of voters may disagree with the core policy preferences of the smaller parties. Indeed, one study of this dynamic showed that ministerial powers in coalition governments tended to be allocated to the parties with the strongest demonstrated preferences for those policy areas (Budge and Keman, 1990). The introduction of these policies by government imposes costs on the electorate.

While electoral rules do not necessarily affect fiscal policy directly, the intermediate effect of more fragmented legislatures creates the incentives for greater public spending, which is financed in part by larger deficits.

## **Reviewing research on electoral systems and fiscal policy**

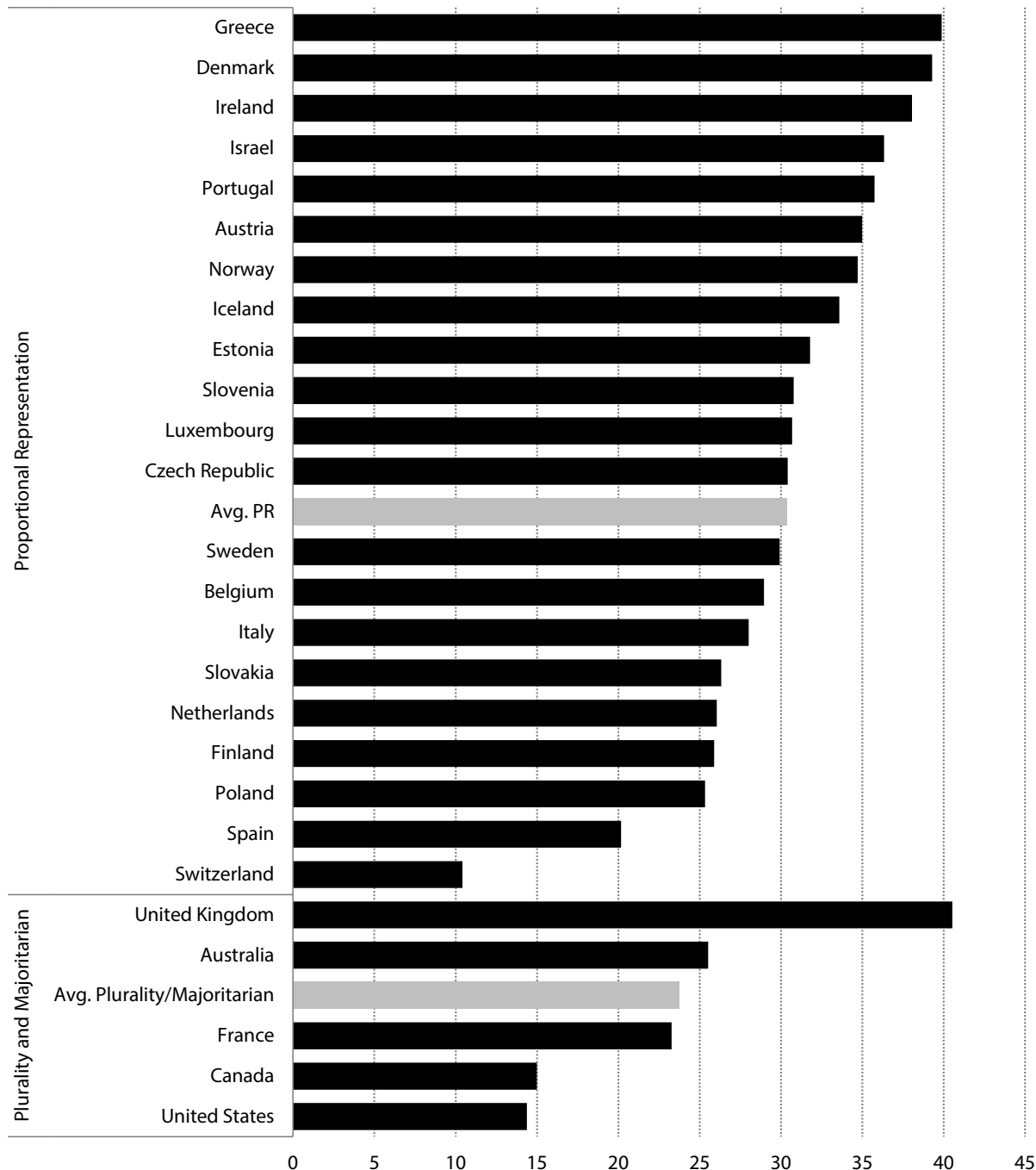
This section summarizes the key research on the relationship between electoral rules (or electoral systems, as they are often called) and fiscal policy, specifically, the size of government spending and fiscal balance (deficits versus surpluses).

### ***Government spending and the size of government***

Given the nature of the differences between plurality or majoritarian and PR electoral systems, their influence on the number of parties in parliament, and the proclivity towards coalition governments, the key metric of how such differences affect fiscal policy is government spending.

In the countries discussed previously, there is a clear and observable relationship between electoral rules and government spending. Figure 2 uses IMF data to illustrate the average level of central government spend-

**Figure 2: Average Central Government Expense, 2004-2015 (as a % of GDP)**



Sources: IMF (2018); Döring and Manow (2016); Inter-Parliamentary Union (n.d.).



ing from 2004 to 2015 in countries with plurality or majoritarian and PR systems.<sup>10</sup> Countries with PR electoral systems had average central government spending of 30.3 percent of GDP compared to 23.7 percent for countries with plurality or majoritarian election rules. In other words, as a share of the economy (GDP), central governments in countries with PR election rules were more than one-quarter (27.8 percent) larger than in countries with plurality/majoritarian election rules.

Several academic studies have further developed the analysis of election rules and the size of government spending to account for other contributing factors that could affect government spending. Economists Yianos Kontopoulos and Roberto Perotti (1999) completed one of the first studies in this area. They examined the impact of government fragmentation (i.e., more parties and more coalitions) on fiscal policy in 20 OECD countries between 1960 and 1995. They found that government spending increased as the number of coalition parties increased and that this impact was stronger in recessions.<sup>11</sup> Milesi-Ferretti and her colleagues, publishing in the prestigious *Quarterly Journal of Economics*, similarly found that PR was associated with higher government spending in a sample of 20 OECD countries<sup>12</sup> between 1960 and 1995 (Milesi-Ferretti, Perotti, and Rostagno, 2002).

In their seminal 2003 book, *The Economic Effect of Constitutions*, Torsten Persson and Guido Tabellini examined the impact of electoral rules on government spending in 85 countries. Their research demonstrated that central government spending was 5.7 percent of GDP lower in countries with plurality or majoritarian election rules compared to countries with elections held under proportional representation rules.<sup>13</sup>

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<sup>10</sup> Data on central government spending as a percentage of GDP come from the International Monetary Fund's (2018) Government Finance Statistics (GFS) online database. The sector selected is "central government excluding social security funds" which, for example, coincides with the National Accounts presentation for the federal government in Canada's Fiscal Reference Tables. The analysis was carried out on the same advanced industrialized countries discussed above for which we examined differences in the average number of parties and coalition governments.

<sup>11</sup> Specifically, at zero GDP growth, Kontipoulos and Perotti (1999) found an extra party in a coalition added 0.12 percent of GDP per year to aggregate expenditure, but this increased by 0.02 percent of GDP for every one percentage point drop in GDP growth.

<sup>12</sup> The study also examined 20 Latin American countries, but the evidence for a correlation between spending and electoral rules was weaker there than the relationship observed among OECD countries.

<sup>13</sup> Using another technique (two-stage least squares, or 2SLS), that did not yield significant results, the authors note that, "The fact that the estimated effects remain

Persson and Tabellini, along with their colleague Gerard Roland, followed up on their previous work with more sophisticated analytical techniques in a watershed essay that appeared in the *Quarterly Journal of Political Science* (Persson, Roland, and Tabellini, 2007). The study's conclusions buttressed their previous work; they determined that a switch from a plurality or majoritarian electoral system to a PR system would result in an increase in government spending of between 5 and 6 percent of GDP. Indeed, Persson, Roland, and Tabellini included a quite strongly worded conclusion regarding electoral systems and government spending:

... results strongly suggest that plurality/majoritarian elections indeed reduce public spending because they lead to a lower incidence of coalition governments. (Persson, Roland, and Tabellini, 2007: 179)

More recently, Caruso et al. (2015) examined Persson and Tabellini's 2003 dataset and found that countries that held elections under plurality or majoritarian rules have central government expenditures that are 6.5 percent of GDP lower than countries that hold elections under proportional representation rules.<sup>14</sup>

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negative, large, and not too distant from the OLS estimates, reassures us of the validity of our inference, despite the large standard errors.”

A lengthy secondary literature has evaluated Persson and Tabellini's work. Their findings on the impact of electoral rules have consistently held up to scrutiny, though there has been some debate over whether they have established causality (Acemoglu, 2005; Voigt, 2011). Their hypotheses have also been tested using alternative datasets, most notably Blume et al. (2009), who extended their model from 85 to 116 countries, also finding a significant correlation between majoritarian systems and lower government expenditures. Voigt (2011) was also able to replicate their results with respect to the correlation between majoritarian electoral systems and government spending. Rockey (2012) examined Persson and Tabellini's hypotheses using both their original dataset and the extended dataset of Blume et al., also finding that majoritarian systems are associated with lower spending and fewer deficits (though noting that the results do not hold for countries that became democracies after the early 1990s). Similarly, Caruso et al. (2015) also found that the results hold for countries with a high degree of institutionalization (such as Canada), but not for less established democracies.

<sup>14</sup> Caruso, Scartascini, and Tommasi (2015) defined institutionalization as the degree to which political power is exercised through “formal political arenas such as the legislature or the political party system.” Focusing on countries with high institutionalization, such as Canada, rather than on countries with low institutionalization is important, since the nuances of political arrangements are less salient in countries where political power can be exercised outside of formal legislative channels (i.e., where democratic institutions aren't always respected). Indeed, the authors found that using Persson and Tabellini's database, they were able to replicate

Finally, Bawn and Rosenbluth (2006) examined how the number of parties in government affects government spending. They found that “the more parties in government at budget-passing time, the larger the public sector” (2006: 261). Specifically, they found that for each additional party in government, there is an additional 0.451 to 0.468 percent of GDP spending in the public sector.

In addition to their impact on the amount of government spending, different electoral rules also appear to have an effect on the composition of government spending. Persson and Tabellini, for instance, found that moving from proportional to plurality or majoritarian electoral rules should lead to a 2 to 3 percent GDP decline in welfare spending (Persson and Tabellini, 2001).

The previously referred-to study led by Milesi-Ferretti also found that governments elected under proportional systems tend to spend more on transfers, whereas governments elected under plurality and majoritarian systems tend to purchase more goods and services (Milesi-Ferretti, Maria, Perotti and Rostagno, 2002).

## **Fiscal balance—Deficits versus surpluses**

A second fiscal policy linked with electoral rules is how the higher levels of government spending in countries with PR electoral rules are financed. There are only two ways to finance additional government spending: raise taxes or incur larger deficits, the latter of which simply defers the payment of taxes into the future. The preponderance of the evidence suggests that PR electoral systems lead to higher deficits.

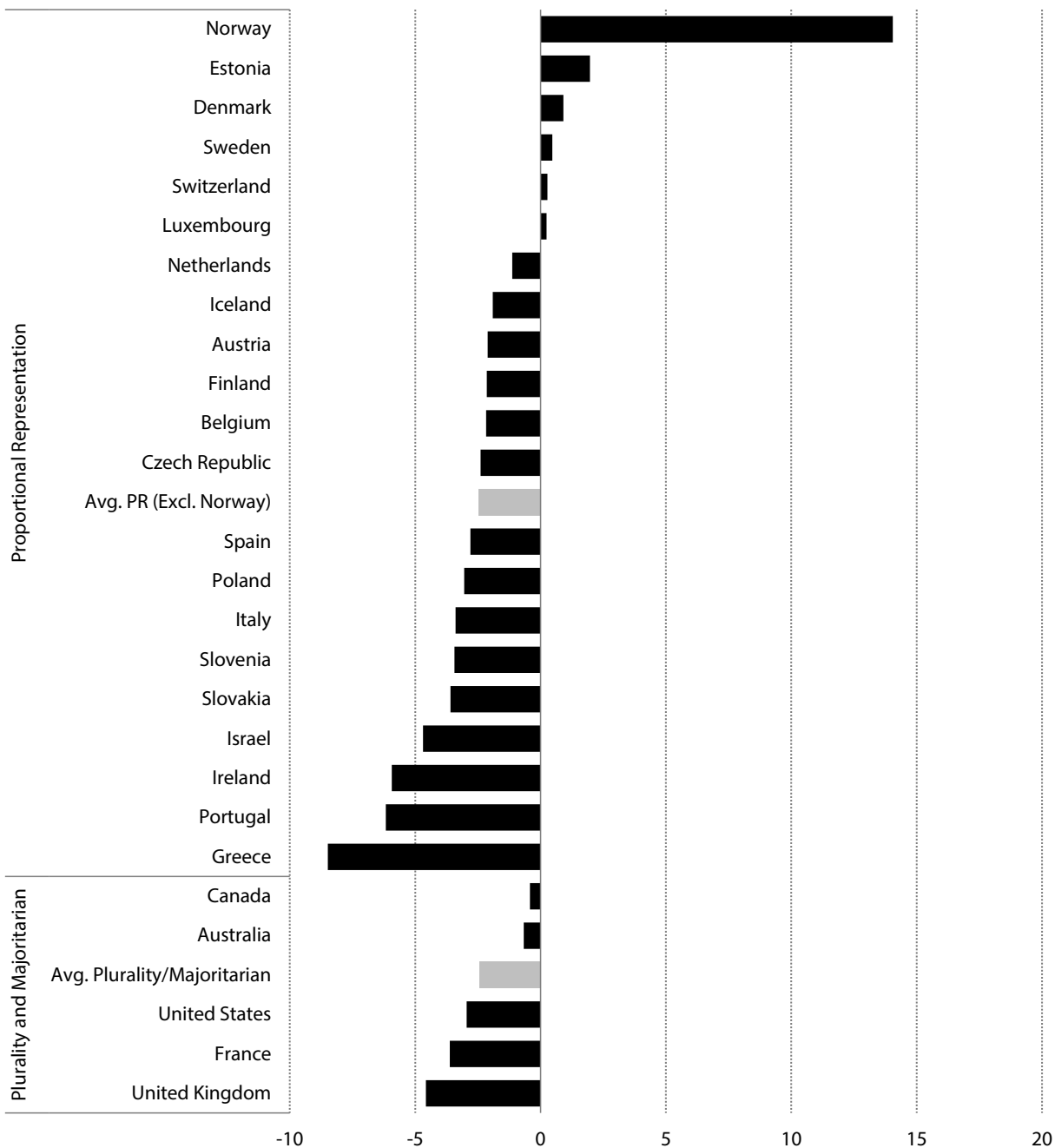
Using the same methodology employed in the previous analysis of election rules and government spending, figure 3 illustrates the average deficit or surplus for the central governments of various countries with either plurality/majoritarian or PR election rules between 2004 and 2015. The overall finding is that countries with PR election rules actually maintained lower average deficits (-1.7 percent of GDP) than countries with plurality or majoritarian election rules (-2.4 percent of GDP). However, these results are inordinately influenced by Norway’s large surpluses (14.1 percent of GDP) over this period, which are largely a function of its independent sovereign fund.<sup>15</sup> Once Norway is removed from the analysis, the average deficit for countries with PR election rules increases to 2.5 per-

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the results for countries with high institutionalization, but the results were not significant for those with low institutionalization.

<sup>15</sup> For information on Norway’s sovereign wealth fund, see Murphy and Clemens (2013).

**Figure 3: Average Central Government Net Operating Balance, 2004-2015 (as a % of GDP)**



Sources: IMF (2018); Döring and Manow (2016); Inter-Parliamentary Union (n.d.).

cent of GDP, which is slightly larger than the average deficits for countries with plurality or majoritarian electoral rules.

A great deal of academic work has extended the analysis of election rules and fiscal balances to include other pertinent variables. Grilli, Masciandaro, and Tabellini, for instance, examined fiscal outcomes in 18 OECD countries between 1950 and 1989. They found that all but one of the countries with representational electoral systems<sup>16</sup> had “unsustainable fiscal policies” (Grilli, et al., 1991). They concluded that “representational democracies” were more likely to have public debt problems than countries relying on plurality or majoritarian electoral rules.

In their 2003 book on this subject, *The Economic Effects of Constitutions: What Do the Data Say?*, Persson and Tabellini examined 85 democracies between 1960 and 1998 and found that plurality or majoritarian elections resulted in deficits that were roughly 2 percent lower than is the case with elections held under proportional representation. In a subsequent paper that extended their work further, they concluded that increased spending under proportional electoral systems is “financed by higher taxes and deficits in similar proportions” (Persson and Tabellini, 2004a).

As noted in the conceptual section of this chapter, coalition governments are much more likely to be formed under PR election rules than under plurality or majoritarian rules. Analyses of the connection between the type of election rules and the presence and severity of deficits have generally linked PR election rules to more frequent and larger deficits. For instance, noted economists Nouriel Roubini and Jeffrey Sachs analyzed the impact of minority governments in 15 industrialized democracies between 1961 and 1985. They concluded that minority governments have 1.2 percentage points of additional budget deficits relative to majority governments (Roubini and Sachs, 1989).

Alesina and Perotti provided further evidence for this concept in a 1995 study. They examined fiscal adjustments in 20 OECD governments between 1960 and 1992 and found that “conflicts amongst coalition members and the fragility of coalition governments make it difficult to maintain a ‘tough’ fiscal stance, particularly when politically sensitive programs, government employment and social security are involved.” They concluded that this rendered coalition governments “generally unable to carry out successful fiscal adjustments” (Alesina and Perotti, 1995: 24).

Similarly, scholars Kontopoulos and Perotti examined the impact of government fragmentation on budget deficits in 20 OECD countries from

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<sup>16</sup> The authors grouped countries with five or fewer representatives per district as majoritarian, and those with more than five as representational. While the definition of majoritarian here is broader than is typical, it highlights that proportionality erodes the incentives for fiscal discipline.

1960 to 1995. They found a significant positive correlation between the number of parties within a governing coalition and public debt between 1984 and 1995 (Kontopoulos and Perotti, 1999).<sup>17</sup>

They also found that in “bad times,” larger coalitions have more powerful negative effects. Specifically, they found that elections held under proportional representation rules tend to more frequently result in coalition governments than plurality or majoritarian systems, suggesting that moving to PR would lead to higher government expenditures and worse deficits during negative economic shocks.

Finally, one of many studies on this issue by scholars Persson and Tabellini also found that the challenges governments elected under proportional systems face in balancing their budgets may linger beyond economic downturns. Specifically, they found evidence that the type of electoral system is correlated with the reaction of government to economic shocks. In countries where elections are held under PR electoral rules, spending as a share of GDP rises in recessions but does not decline in booms, while cyclical fluctuations tend to have symmetrical impacts on fiscal policy under other electoral systems (Persson and Tabellini, 2004a: 24–45).

The totality of the evidence strongly suggests that governments elected by proportional representation are more likely to run deficits than those elected through plurality or majoritarian systems. This is largely due to the increased likelihood of electing more parties, which results in coalition governments.

## Conclusion

Over the last several decades scholars have conducted a great deal of research into the impact of electoral rules on fiscal policy. Many of their studies have focused on the relationship between electoral systems and public spending and deficits.

The research shows that proportional electoral rules are linked with higher public spending than plurality or majoritarian systems. Moreover,

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<sup>17</sup> The authors point out that the 1960s were characterized by “more or less stable growth and little fiscal action in most countries of the sample,” which likely explains why there was no correlation between electoral rules and deficits during that period. They also point out that the fiscal challenges during the 1970s were due to external shocks common to all countries, which meant that the “executive decision-making process” was most important for constraining spending growth. In the 1980s “the dividing line was between those countries that engaged in large discretionary consolidations and those that did not.” They argue that the number of coalition partners was a greater factor in the 1980s because “fiscal consolidation is largely political and requires a cohesive government” (Kontopoulos and Perotti, 1999: 91).

the literature demonstrates a clear connection between proportional representation and deficits. Finally, the literature suggests that the more fractured a government is (with larger, unstable coalitions), the more difficult a time it will have responding to fiscal crises.

The tendency of proportional electoral systems to elect coalition governments is a serious consideration when weighing the benefits and costs of various electoral systems. Plurality and majoritarian electoral systems, by contrast, typically elect single-party majority governments. The literature clearly suggests that a move by British Columbia from its current first-past-the-post electoral system to a proportional system would likely increase both government spending and deficits.

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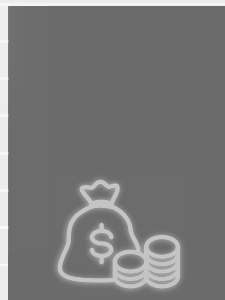
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# Proportional representation results in more coalition governments, higher government spending

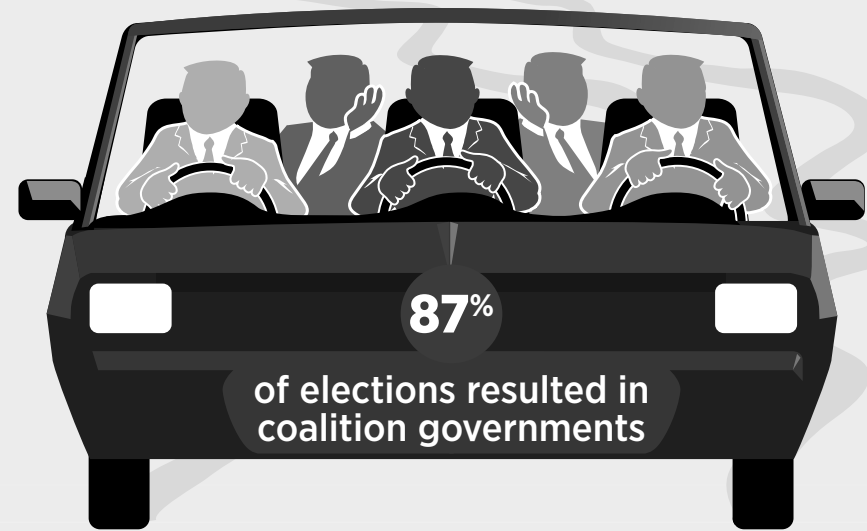
## Plurality/Majoritarian Government



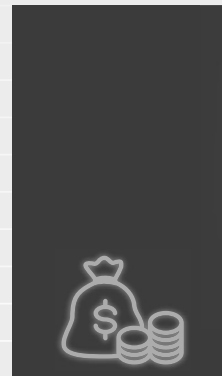
**24%**  
government  
spending as  
a share of GDP



## Proportional Representation Government



**30%**  
government  
spending as  
a share of GDP



## About the authors



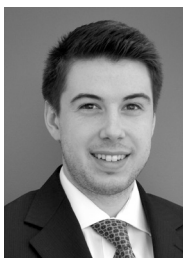
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Lydia Miljan is an Associate Professor of Political Science at the University of Windsor, and a Fraser Institute Senior Fellow. She was Director of the Fraser Institute's Alberta Policy Research Centre and from 1988 to 2001 was the Chair of the National Media Archive. She holds a Ph.D. in Political Science from the University of Calgary, specializing in political communication. Prof. Miljan teaches in the areas of Canadian public policy, research methodology, and politics and the media. Her main research interests include how journalist's personal views are reflected in news content and public opinion formation. In addition to peer-reviewed papers, she is the author of three books: *Public Policy in Canada*, *Hidden Agendas: How Journalists Influence the News*, and *Cross-Media Ownership and Democratic Practice in Canada*. *Hidden Agendas* was short-listed for the Donner Prize for the best book in public policy, 2003/04. Prof. Miljan is the editor of the 2016 Fraser Institute book *Counting Votes: Essays on Electoral Reform*.



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Geoffrey Alchin is a recent graduate student with a master's degree in Political Science from the University of Windsor. During his graduate studies, he accumulated a series of awards, including the Joseph-Armand Bombardier Canada Graduate Scholarship from the Social Sciences and Humanities Research Council, the Tri-Council Recognition Scholarship from the Faculty of Graduate Studies at the University of Windsor, and the Political Science Entrance Award from the Department of Political Science at the University of Windsor. In addition, he also co-authored a chapter about terrorism in Northern Ireland in the book *Secessionism and Terrorism: Bombs, Blood, and Independence in Europe and Eurasia*.



### Taylor Jackson

Taylor Jackson is an independent researcher and a former Senior Policy Analyst with the Fraser Institute. He holds a B.A. and M.A. in Political Science from Simon Fraser University. Mr. Jackson is the coauthor of a number of Fraser Institute studies on issues including electoral reform, energy, natural resources, electricity, and demographics. He is also the co-author of a book chapter on the past, present, and future of Canadian-American relations. Mr Jackson's work has been covered in the media all around the world and his commentaries have appeared in the *National Post*, *Financial Post*, and *Washington Times*, as well as other newspapers across Canada.

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