

# PRESENTATION SUMMARY

---

VANCOUVER PUBLIC HEARING JUNE 12,  
2004 AT MARRIOTT PINNACLE HOTEL

THE FOLLOWING INFORMATION IS A BRIEF SUMMARY OF THE PRESENTATION TO THE CITIZENS' ASSEMBLY ON ELECTORAL REFORM. IT ATTEMPTS TO CAPTURE THE KEY ISSUES AND ARGUMENTS THAT WERE PRESENTED AND DISCUSSED DURING THE PUBLIC HEARING. IN SOME INSTANCES, THE PRESENTER HAS ALSO MADE A SUBMISSION TO THE ASSEMBLY AND THIS IS ACCESSIBLE VIA THE WEBSITE AT [WWW.CITIZENSASSEMBLY.BC.CA](http://WWW.CITIZENSASSEMBLY.BC.CA) BY CLICKING ON "GET INVOLVED". IF SUCH A SUBMISSION IS AVAILABLE, IT WILL BE NOTED AT THE END OF THIS REPORT.

# Jason Clemens

## The Fraser Institute

---

### DESCRIPTION OF PRESENTATION

---

A discussion of the unintended consequences of electoral reform, particularly when it involves a transition from a majoritarian system to a PR system. I will also discuss mechanisms through which citizens and taxpayers can be protected.

---

### KEY THEMES

---

I congratulate the members of the Citizens' Assembly. I know there is great pressure on you from Ottawa and across the country. There is a significant risk in the decision you are making. We need to look at benefits and costs. We chose to lay out a couple of the risks that may occur when you make a transition from a First-past-the-post system to a more proportional system.

PR generally is characterized by more parties, and leads to more coalition government. What economic literature theoretically proposes is that you will see is an increase in spending. Now there is a consensus that this view is true empirically. In other words, to keep coalitions together, the smaller parties are able to broker deals with the main parties. A number of studies, especially one in the American Economic Review examine this. It is a study on electoral system transition. The conclusion is that when there is a move toward a more proportional system, there is an increase in the size of government, a 6% increase in GDP spending, an increase in the deficit and in taxes. Their findings were based on a move from a majoritarian system to a more proportional system. In addition, at the Fraser Institute, in a 2000 study, our data was completely concurrent with the data from the previous study, that there was a statistically significant relation with a transition from majoritarian to a PR system and spending.

Finally, we advocate democratic mechanisms to limit government spending through Tax and Expenditure Limitation Laws (TEL). It constitutionally limits government spending; if government wants to increase spending, they have to put it to the citizens. If the Assembly is quite keen to move toward a more proportional system, I recommend that you recommend a TEL, to limit the increase in size of government. I commend the assembly for your commitment about public policy, and I strongly encourage you to consider the benefits but also the costs of changing the system.

### RECOMMENDATIONS

Keep the current Electoral system, but if a more proportional system is adopted, include safeguards such as Tax and Expenditure limitation laws.

*“We believe that there is a significant risk that the costs of moving to a more proportional system of elections are being overlooked while the potential benefits may be exaggerated.”*

---

**QUESTIONS, ANSWERS AND COMMENTS FROM THE PANEL**

---

Q In the PR systems, are some systems more costly than others?

A The systems included were pure PR and MMP, but were not broken down in the data. The number of parties and the coalitions formed are the key factors. In the studies, there was a move from majoritarian to MMP and pure PR systems.

Comment The Tabinelli studies looked at spending taxation deficit.

A In our study we looked at a number of economic indicators in majoritarian and PR systems. There was a clear difference between the type of government. We also looked at unemployment rates in 2000. The data was inconclusive. There didn't seem to be a difference.

Q In the video, Ken referred to yo-yo policy, have you referred to the costs of swings in policy in your study?

A Our study was at the national level and we looked at economic indicators; not a study for BC particularly. The swings in government would be reflected in economic indicators.

Q A comment on the study about coalitions and democracy?

A In the studies if one found no relationship in the size of government to a different electoral system. There is no relationship between size of government and economic performance.

---

**QUESTIONS, ANSWERS AND COMMENTS FROM THE AUDIENCE**

---

Q How were the variables controlled?

A All the variables were controlled for, that we listed. In the AER and the journal of political economy is the list of variables we controlled for.

Q For people who don't understand economics, could you give me an example from a country that did not benefit from a change to PR?

A We did not do a case study, so we took 80 countries. I would refer that to political scientists. In the view of one political scientist, the change in New Zealand to MMP has been a disaster.

**SUBMISSION: NO**