

GOVERNMENT & POLITICS

DEMOCRACY IN THE DARK

Eric Crampton and Nathan Smith



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About the New Zealand Initiative

The New Zealand Initiative is an independent public policy think tank supported by chief executives of major New Zealand businesses. We believe in evidence-based policy and are committed to developing policies that work for all New Zealanders.

Our mission is to help build a better, stronger New Zealand. We are taking the initiative to promote a prosperous, free and fair society with a competitive, open and dynamic economy. We are developing and contributing bold ideas that will have a profound, positive and long-term impact.

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Foreword



Democracy is part of our civic religion, and elections are its solemn masses.

miracle cure for society's ills. But even if it is not, could representative democracy at least help us make decisions about the rough direction of travel for New Zealand?

Every three years (in New Zealand at least), voters come together to exercise their democratic birthright. They cast their votes, decide on the direction of the country, and elect their representatives.

For that to be true, there would still need to be a basic level of political and institutional knowledge. Voters would at least need to know the rules of the democratic game, and they would need a very rough idea about the political actors and their belief systems.

This is the romantic notion of what democracy is – or at least what it should be. It is supposed to be a government “of the people, by the people and for the people,” as Abraham Lincoln put it in the Gettysburg Address.

Unfortunately, as this report and its survey of civics knowledge shows, there are wide gaps in the public's understanding of politics. If it is of any consolation, New Zealand is not unusual in this respect as similar surveys in other democracies have come to similar results. But does that make it any better?

The idea behind this is already encapsulated in the word. The people (*δῆμος / dêmos*) shall have the power (*κράτος / krátos*) to rule themselves.

In this election year 2020, we can see how elections, which are supposed to be the pinnacle of the democratic process, actually make matters worse.

There remains one problem, though. For democracy to genuinely bring out and implement the will of the people, the people first need to know what they want. More than that, they need to understand the nature of the problems they face and the proposed solutions.

Instead of leading the public towards more and deeper engagement with policy choices, the pre-election period has been dominated by stories of politicians' personal misbehaviour.

It is easy to understand why such a requirement is too much to ask. Even small-scale political decisions, say if a city needs a new school, require a great amount of information to be considered properly.

The Prime Minister even told voters not to expect a large-scale range of policies from her party this election. Consequently, she campaigns under the slogan ‘Let's keep moving’ – as if she was trying to sell gym memberships.

For more complex questions such as dealing with a housing crisis, climate change or a pandemic, even experts will take years to understand the issues – and may still disagree on the appropriate courses of action.

Right now, democracy, imperfect as it is, does not live up even to its most basic function. If voters do not know much about its workings, and if politicians offer little more than platitudes, the country will never have the public discourse

Democracy, though appealing in theory, faces severe practical hurdles. It is no straightforward

it needs to develop good policies and hold those who rule to account.

Citizens and voters should not resign to this sad state of affairs. We can strive for stronger civic engagement. But as a prerequisite, we need to improve our knowledge – and especially our children’s knowledge – of our political system and our politics.

This report makes recommendations on what New Zealand could try to bolster civics. For example, we could provide financial incentives to keep people informed on politics.

Perhaps these ideas may initially appear ludicrous and far-fetched. But isn’t this better than running a policy-free election campaign for an apathetic electorate?

Democracy may be an unrealistic, utopian and unworkable ideal. We should not give up on it though. There are worse alternatives.

Dr Oliver Hartwich
Executive Director
The New Zealand Initiative

Executive summary

Almost a century ago, American columnist H.L. Mencken quipped that democracy is a pathetic belief in the collective wisdom of individual ignorance.

The century since then brought ubiquitous radio, and then television. Education levels rose substantially. The internet provided everyone with access to a global library. The answer to any question about New Zealand’s history, its constitutional arrangements, voting system or its government is available for anyone who cares to ask.

Despite this easy information, and despite increases in education levels that should give everyone the tools to understand the world, the state of political knowledge remains consistent with Mencken’s quip.

A passing knowledge of the state of political knowledge could lead to despair – or amazement that policy outcomes have managed to be as good as they are.

This report canvasses the state of knowledge about civics in New Zealand, and elsewhere. It draws on both previously published surveys, like the New Zealand Election Survey, and a newly commissioned survey of the current state of knowledge about New Zealand’s political and civic institutions.

Our survey, undertaken in January of this year, suggested Kiwis might need to do a bit of studying before the coming election:

- Just under 70% of Kiwis polled could name every party presently in Parliament;
- Less than half understood both ways a party can enter Parliament under MMP;

- About a third knew Hon Chris Hipkins is Minister of Education;
- Only one in twenty knew David Parker is Minister for the Environment;
- One in eight could identify all three branches of government;
- A fifth knew that courts do not have to consider the political intentions of the Government of the day when making legal decisions;
- Just over one in five respondents knew which political parties voted in favour of the Zero Carbon Bill;
- 56% of respondents believed New Zealand has a military alliance with the United Kingdom.

These kinds of misperceptions can matter. If one does not know which parties are even in Parliament, how can they successfully reward or punish parties in the election? Without a working knowledge of how MMP works, will a voter be able to reflect their preferences? If it is assumed the UK will come running to New Zealand’s rescue due to a fanciful military alliance, will that affect voters’ preferences about defence and foreign policy?

Civics education at secondary school is relatively weak, with few students picking up the NCEA standards that rigorously approach the topic.

At the same time, the benefits of civics education may be overstated: decades of instruction in civics in the US coincide with very poor political knowledge in that country. And one intriguing experiment, which added new lessons about the US Bill of Rights to some civics classrooms, did not wind up reinforcing civics knowledge among students: surveyed two years later, they knew no more about it than students who had not received the extra instruction.

Weak knowledge about civics can be more concerning than weak knowledge in other areas. Without knowing much about the cars currently on the market, a prospective buyer will have a pretty strong incentive to become informed: getting a choice like that wrong can be expensive.

For civics, because each vote has only infinitesimal effects on political and policy outcomes, the incentive to become informed is far weaker. Problems in the media sector in general, and specifically the issue most people have with paying for rigorous journalism, stem from a similar source. Few people are willing to bear the costs of being better informed. They make a judgement that such an investment too often has little tangible return.

There is far more discussion of a civic duty to vote than there is about a duty to cast an informed ballot, and that is a problem. In the same way that each car's greenhouse gas emissions has a tiny effect on global warming which becomes substantial in the aggregate, each vote has a tiny effect on political and policy outcomes. And there is no equivalent to the Emissions Trading Scheme to internalise the externalities that come of poorly informed ballots.

This report does not provide any magic bullets for improving civic knowledge. But it does propose a few small experiments that could be tried, to see if they work, and while weighing the costs. Part of the report's goal is to spur creative ideas among Kiwis to help solve this problem.

Strengthened civics instruction could be implemented in some schools, with testing two years later to see if it improved knowledge about civics. It would also look at whether the extra civics instruction came at the cost of knowledge about other important things. Pushing on that string has not been particularly fruitful elsewhere, but it could work here.

But it might also pay to try pulling on the civics string: giving people stronger incentives to be better informed.

INTRODUCTION

Taking our civics for granted

We don't know how lucky we are

Satirist John Clarke's character Fred Dagg reminded New Zealand in 1975 that "we don't know how lucky we are." It was a bit tongue in cheek. But over the decades since, a variety of international league tables show us he may have been a prophet.

US-based non-profit Freedom House ranks countries based on their civil liberties and political rights. In 2019, New Zealand earned the highest possible score for the political rights enjoyed by its citizens and was two points shy of a perfect 60 points on civil liberties.¹

Reporters Without Borders placed New Zealand as ninth in the world for freedom of the press, with a declining score due not to government censorship of the media but rather due to the difficulty of producing quality journalism in a small market.²

The UK-based think tank Legatum Institute's 2019 Global Prosperity Index placed New Zealand seventh overall, between the Netherlands and Germany. New Zealand's strength was due in part to its high ranking on the quality of governance institutions and a strong environment for investment.³ New Zealand also topped the planet on the World Bank's Ease of Doing Business index.⁴

The US think tank Heritage Institute ranks New Zealand second only to Singapore in economic freedoms.⁵ And the Canada-based Fraser Institute ranked New Zealand just behind both Singapore and Hong Kong for economic freedom but miles above both for personal liberties (New Zealand ranked third

behind the Netherlands and Sweden) and top of the charts for the Institute's combined overall measure of human freedoms.⁶

New Zealand ranked second only to Iceland in the Institute for Economics & Peace's Global Peace Index⁷ and is the world's least corrupt country, according to Transparency International's Corruption Perception Index.⁸

For other indices, New Zealand ranks near the bottom – and thankfully so. For instance, the Fund for Peace's 2020 Fragile States Index ranks New Zealand as the 173rd least failed state, out of 178 overall.

When a country ranks in the top tiers across a wide range of measures of its overall institutional quality, with peer countries sometimes higher on one measure but no country regularly in front – its citizens really are lucky to be living in the best place in the world. Everyone can point out things to improve, but Kiwis should not lose sight of the big picture.

The bigger worry is the "don't know" part of Fred Dagg's catchy song. New Zealanders don't know how they got so lucky. The institutions of governance since the reforms of the 1980s, and its democratic civic institutions, built that prosperity and liberty. When Kiwis don't appreciate what holds up this wonderful little clubhouse, it's a bit too easy to accidentally knock out the loadbearing walls.

Kiwis have a weak understanding of their democratic and civic institutions and underappreciate the economic foundations that provided three decades of broad bipartisan consensus about what good policy looks like.

That makes for some fragility. When crises require hurdling over a few fences to find a solution, it's important to know why the fences were there. As G. K. Chesterton warned:

In the matter of reforming things, as distinct from deforming them, there is one plain and simple principle; a principle which will probably be called a paradox. There exists in such a case a certain institution or law; let us say, for the sake of simplicity, a fence or gate erected across a road. The more modern type of reformer goes gaily up to it and says, "I don't see the use of this; let us clear it away." To which the more intelligent type of reformer will do well to answer: "If you don't see the use of it, I certainly won't let you clear it away. Go away and think. Then, when you can come back and tell me that you do see the use of it, I may allow you to destroy it."⁹

It is not necessarily *wrong* to alter things like New Zealand's dual-threshold for parties' entry into Parliament under the Mixed Member Proportional electoral system, or fiscal responsibility provisions of the Public Finance Act; or a Reserve Bank Act that gives the Central Bank more independence within a highly prescribed range of activities. But if someone is unclear *why* those provisions exist, or the historic role played by Maori electorates, or the powers of the Courts relative to Parliament, it is far too easy to accidentally torch one of Mr Chesterton's fences.

And far too few Kiwis know the difference between bits of fence separating long-disused paddocks that can be safely removed and the sections that are still important. This report tallies the evidence on what Kiwis know, and do not know, about their civic institutions. To put it bluntly, the state of knowledge is rather poor – but things can be even worse elsewhere.

New Zealand's secondary school students may encounter some basic civics during their education if they happen to choose to sit the right standards. But few students attend these classes. Teachers and schools do have influence on what standards are available to be studied by students. Making civics lessons compulsory is a tempting idea, but overseas experience suggests it is no panacea. US students have sat civics classes for decades, but surveys of their political knowledge are not rosy.

A plethora of online civics resources is available for those who are interested. But just as sports information online hardly leads to everyone knowing the tie-breaking rules in World Cup cricket, the Electoral Commission's excellent resources explaining New Zealand's system of government and elections are only useful for those who wish to know. Incentives for becoming informed are poor.

CHAPTER 1

Civics 101: What every voter should know

Knowledge about politics and civics is itself something of a political question.¹⁰ While the Initiative has its own views about what people *should* know, it is important to anchor those views more broadly.

The school curriculum is a good place to start: NCEA does teach some civics. The intended learning outcomes, for those who choose to take those standards, provide one view of what matters in civic knowledge. Similarly, the Elections New Zealand website provides a good summary of the basics of the country's system of government and elections.

The New Zealand Curriculum sets the vision for what Kiwi students can learn in primary and secondary school. The curriculum includes some standards on civics, democracy and the process of government, but there is no dedicated module for these topics.

Standards fall into 17 fields, which are then divided into 200 subfields with more than 800 domains. In Years 1–10, the field of "Social Science" is compulsory, which is the field most relevant for civics education at those ages. However, thanks to the flexibility of the national curriculum, the entire Social Science achievement objectives for Years 1–13 can fit on a single A4 sheet.

For example, Level 1 in the New Zealand Curriculum, which is taught in Years 1–2, requires students to:

- Understand how belonging to groups is important for people;
- Understand that people have different roles and responsibilities as part of their participation in groups;
- Understand how the past is important to people;

- Understand how places in New Zealand are significant for individuals and groups;
- Understand how the cultures of people in New Zealand are expressed in their daily lives.

By Year 8, students are expected to "understand how the ways in which leadership of groups is acquired and exercised have consequences for communities and societies" and "how people participate individually and collectively in response to community challenges."

When they reach age 15 (Year 10–11), students reach Level 6 of the curriculum. At this point, the Social Science field splits into four subfields (Geography, History, Social Studies and Economics) and eight domains (Classical Studies, Geography, History, Legal Studies, Media Studies, Psychology, Social Studies and Sociology). The field also switches from being compulsory to voluntary. While civics education is not offered as a dedicated domain, some core aspects do feature in the "Legal Studies" domain for the three NCEA Levels. Other domains, such as Classical Studies and Sociology, include some standards on civics. But these mainly include a broad discussion about democracy in Ancient Greece or the examination of a single social institution, for instance.

It is only if students take the Legal Studies domain at the end of their secondary school education that they will engage closely with civics education. Of course, what is taught during the school term can be beyond what is assessed in the standard. During the 2019 year, students for Level 1 in this domain could complete standards such as:

- Demonstrate understanding of concepts of democracy and government;

- Demonstrate understanding of foundational concepts of justice;
- Demonstrate understanding of concepts of law;
- Demonstrate understanding of litigation and dispute resolution processes in New Zealand;
- Demonstrate understanding of law-making processes;
- Demonstrate understanding of New Zealand’s system of government and its formation and operation.

- Evaluate a concept of justice in relation to a specific situation;
- Evaluate a concept of law in relation to a specific situation;
- Evaluate litigation and dispute resolution processes in relation to challenging state power;
- Evaluate a law-making process in relation to a significant legal issue;
- Evaluate systems of government and their formation.

At Level 2, standards include:

- Describe the legal rights and personal responsibilities of secondary school students;
- Explain concepts of democracy and government in a New Zealand context;
- Explain concepts of justice;
- Explain concepts of law;
- Explain litigation and dispute resolution processes;
- Describe factors contributing to, and consequences of, crime;
- Explain a law-making process;
- Explain systems for the formation of central government, and their consequences, in a New Zealand context;
- Describe factors contributing to, and consequences of, crime;
- Describe the application of New Zealand law to marriage, civil union and de-facto relationships;
- Describe legal consequences and protections relating to domestic violence and child abuse;
- Describe the objectives and application of consumer law.

And at Level 3:

- Demonstrate knowledge of the development of the New Zealand legal system;
- Evaluate a concept of democracy and government in relation to restraint on state power;

Digging into the criteria for the Level 1 standard question – *Demonstrate understanding of concepts of democracy and government* – NZQA’s advice states that students can achieve an “Excellence” grade by discussing any form of government, including: theocracy, oligarchy, dictatorship or another form of democracy. Writing about “suffrage, elections, human rights, media, executive power, rule of law and judicial processes and the treatment of minorities” is also encouraged.

For the Level 2 question – *Explain concepts of democracy and government in a New Zealand context* – NZQA suggests teaching about: “the rule of law, separation of powers, liberal democracy, rights and their limitations, Magna Carta and limits on the power of the monarch, relationship between *Tangata Whenua* and the Crown as regards *te Tiriti o Waitangi*, parliamentary sovereignty and statute as highest form of law, absence of a fully written constitution, role of the courts, delegated legislation.” To get an “Excellence” grade at NCEA Level 2, a law studies student must use a specific example of governance, likely based on what was taught during the school term.

Should a student continue with Legal Studies, they can choose from several more complex exam questions at Level 3. For instance: *Evaluate a concept of democracy and government in relation to restraint on state power*. The student can draw from media reports or expert commentary

about an example of a restraint on state power with arguments and counterarguments about the scenario.

To achieve an “Excellence” grade, a student must show they understand: the rule of law, civil liberties, how parliamentary sovereignty functions, the legal relationship between individual versus state power, checks and balances within government and “international versus state power.”

Not every school will offer Social Studies once the field switches to voluntary. If enough students in a school show interest in taking the domain to achieve their NCEA credits, the school might teach towards the above standards. Another option for keen students – should the threshold for adding the domain that year not be reached – might be to engage with a correspondence course such as Te Aho o Te Kura Pounamu. Te Kura is New Zealand’s largest school with about 25,000 students enrolled annually, from early childhood to secondary school. In some instances, students will also study subjects at neighboring schools.

However, the number of students taking the Legal Studies domain is vanishingly small.

The total number of students enrolled in NZQA external examinations in 2019 was 143,509 across about 500 schools. Some of these schools use an alternative curriculum to NCEA, such as Cambridge Assessment International Education. Of this, only 7609 internal units (assessments) were taken as part of the “Legal Studies” courses, with the most popular unit (NCEA Level 2 *Explain concepts of law*) taken by only 684 students. For the unit *Explain concepts of democracy and government in a New Zealand context*, only 218 students took this standard last year. The total number includes students who were not assessed in the standard. The NZQA says there are many reasons a student may not be assessed on the unit they take.

While the NZQA data does not show how many different Legal Studies units were taken by an individual student (only the total number of students in each unit), it is clear only a handful of students will finish their school years knowing a little about New Zealand’s democracy.¹¹

Some of the things you always wanted to know about government but were afraid to ask

Guided by the content of the New Zealand Curriculum, and by the elements emphasised by Elections New Zealand, the Initiative believes every informed voter should:

- Know how MMP works and how to vote (see box);
- Understand some history of New Zealand’s democracy, including the role of Parliament, voters and the Queen of New Zealand;
- Have a foundational understanding of the three branches of government and how they interact with, and are separate from, each other;
- Know the basics of how Parliament works, including the role of the opposition, voting and voter participation;
- Understand the basic constitutional principles, including the Treaty, and the civil liberties every citizen enjoys;
- Understand the nature and role of the judiciary.

With this basic grasp of democracy, voters would be better equipped to vote in an election.

This report does not provide a complete Civics 101 lesson. It outlines the desired learning outcomes rather than the lesson plans. Resources like the Elections New Zealand website are readily available. But a few other New Zealand institutions should be important parts of an informed voter’s toolkit.

MMP 101

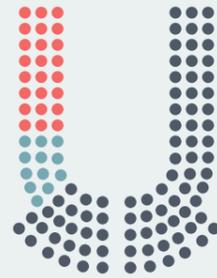
In 1993, New Zealand voted to change the electoral system from First Past the Post (FPP) to Mixed Member Proportional (MMP). FPP tends to generate two-party systems with single-party majority governments, though does not always do so. MPs from four parties were elected at New Zealand's last FPP election. Under MMP, coalition governments are more likely as single party majorities are less likely.

Under FPP, voters get one vote: for the Member of Parliament (MP) representing their electorate. The winning party becomes the Government if it gets more than half of the electorates either by itself or in coalition with other parties. FPP electoral systems tend to produce Parliaments consisting of two major parties, in the absence of significant regional differences.

Under MMP, voters get two votes: for the MP representing their electorate and for the party they want in Parliament. Unlike FPP, the composition of seats in Parliament is (with a minor exception) determined by the share of party votes gained rather than the number of electorate MPs.

The party vote is much more important. For example, imagine that in an election, party A receives 30% of the party vote. This would entitle it to 30% of the total seats in Parliament (36 seats) or a bit more when considering the votes cast for parties that did not enter Parliament. If, alongside its 30% of the party vote, party A also won 12 electorate seats, this would not mean a total of $36 + 12 = 48$ seats.

Rather, party A will first fill its 36-seat quota with the number of electorate MPs (in blue), and the remaining 24 seats with list MPs (in red).



However, electorate seats are an important safeguard for smaller parties. To gain a seat in Parliament, a party must either:

1. Reach 5% of party votes nationally; or
2. Win an electorate seat.

This 5% threshold was created by Germany (from where New Zealand take its MMP system) to ensure that minor extremist parties don't gain too much traction. Proportional representation systems without a threshold, or with low thresholds, can yield fragmented legislatures and difficult coalitions.¹² Yet high thresholds risk encouraging voters to select parties that do not mirror their personal views if they worry their preferred party is unlikely to enter Parliament.

The Exception: Overhangs

Yet, what if party A wins an electorate seat but doesn't receive enough of the party vote to justify one seat in parliament? In this "overhang," parliament gets bigger – by one seat. An overhang of more seats is also possible.

The Public Finance Act guides how Parliament spends public money. It does not ban Governments from running deficits, nor does it prescribe tax levels. It rather provides transparency in Government budgeting. The Act requires the Government to explain how it will raise the funds necessary for its spending plans. It requires that budgets typically be

in balance and that debt be maintained at prudent levels while providing contingencies for emergencies – such as pandemics. In an emergency, the Government need not maintain a balanced budget but should publish its intended path back to more normal and prudent debt levels.

The Act does not bar the Government from increasing spending or taxes. Doing both at the same time can be consistent with balanced budgets and maintaining prudent debt levels. The Act rather prevents Governments from relying on debt to finance normal operations. Whether by increasing spending without increasing taxes, or by substantially cutting taxes without cutting spending.

The Reserve Bank Act provides the Reserve Bank with operational independence in managing the country's money supply. The Act helps to isolate the monetary system from politicians who might be tempted to pull monetary levers for electoral purposes. Before April 2019, the Bank operated under Policy Targets Agreements with the Minister of Finance to specify the range within which the Bank must keep inflation outcomes, on average and over the medium term. The Remit to the Monetary Policy Committee has replaced this model and now defines monetary policy outcomes.

Don't know much about civics books

Not everything that is important is worth knowing. It would be impossible for anyone to know everything that matters. People triage information all the time. As the world becomes more complex, the scale of the problem only increases. Most people have a rough understanding of how toilets work. But few other than plumbers could draw a reliable schematic to help someone build a toilet from scratch. The same is true for everything from computers to car engines, and from historical knowledge to the function of civic institutions.

Economists frame this information problem as one of rational ignorance. Humans acquire information whenever there is a good reason to do so. Yet only up to the point where the benefits of getting the next bit of information outweighs the cost.

Think about purchasing a car. The first bits of information about the reliability and suitability of different models for a buyer's needs would be valuable. But, eventually, spending time reading up on the different options and searching for the best deal is no longer worthwhile: it's time to make the purchase. For this kind of decision, not acquiring enough information can be costly. In private markets where purchases are taken home, mistakes are costly. People regularly get things wrong, but the incentives for getting the necessary information to make good decisions are appropriately aligned.

But what is the upside to getting more information about politics and civics? If a person buys the wrong car, they will take home a costly mistake. But what happens if the same individual decides never to learn much about civics and then makes a mistake when voting?

Some caution is needed when talking about mistakes in voting. Political partisans would claim that voting for their preferred party is not a mistake. The meaning here is a bit more nuanced. People can have large differences in values which can reasonably lead to big differences in what each sees as acceptable trade-offs. None of that can possibly be a mistake. It would be like saying that preferring apples to pineapples is a mistake.

But suppose that a person's values led them to support a lot of government involvement in economic regulation and redistribution. In that case, voting for ACT might be a mistake. Similarly, if a person likes multiparty coalition governments reliably produced by a Mixed Member Proportional (MMP) electoral system, it would be a mistake to vote for a return to First Past the Post (FPP).

In neither of those cases are the underlying values a mistake. The problem is that failing to acquire enough information led to a vote at odds with the person's underlying values. It's like saying

the most important thing about a car is its fuel efficiency, and then buying a Humvee. There is nothing *wrong* with buying a Humvee if that vehicle best suits a person's needs. The Emissions Trading Scheme means each Humvee owner will pay for the carbon costs they impose. But buying one while thinking it is the most fuel-efficient option would obviously be a mistake.

Economists and political scientists have long known that rational ignorance is a large problem in politics. American economist Anthony Downs explained the basic problem in his 1957 *Economic Theory of Democracy*. Mancur Olson also teased out some consequences in his 1965 book *The Logic of Collective Action*. When one vote is unlikely to change the outcome of any large-scale election, the benefits of acquiring information, or even voting at all, are limited. Instead of visiting a car yard and taking home a car, a person casts a vote for the car that everyone will share. The chances that a single vote changes the outcome are worse than the chances of winning a lottery. Given these realities, people will likely know a lot less about any party's policies, or the likely real-world effects of those policies, than about the features of their next car.

That isn't *necessarily* a big problem. While rational ignorance predicts people will not acquire much information and make a lot of mistakes, it also provides a ray of hope: those mistakes may cancel each other out. So long as mistakes are not *systematic*, or weighing more heavily to one side than another, there may be no need to worry.

If some voters are well-informed, simply because they enjoy politics in the same way others enjoy following sports teams, then those informed voters wind up making the decision. Uninformed votes cancel each other out just as many flipped coins cancel each other out. So long as the preferences of informed voters largely coincide with those of their less-informed neighbours, and less-informed voters' mistakes do cancel each other out, it might all work out. Early 20th-century American essayist H.L. Mencken insisted that "democracy

is a pathetic belief in the collective wisdom of individual ignorance." Perhaps that belief is better grounded in theory than Mencken thought.

Unfortunately, the world does not seem to work that way. People who follow sports do not just enjoy speculating about the best opening batsmen pick for the Black Caps. Unless they are betting at the TAB, a fan wants to believe their preferred team will win and that their own strategies would work. They have preferences over their beliefs. And the same holds true in politics.

US-based economist Bryan Caplan described preferences over political beliefs as being *rationality irrational*.¹³ An incorrect belief about which policies lead to which outcomes, or about which parties are likely to deliver different policies, is not expensive to hold. If it makes a person happy to believe that the Social Credit Party holds all the answers, it does not matter if its theories were refuted by University of Canterbury economist Alan Danks in 1955.¹⁴ When the cost of holding a pleasant belief is low, why not? While an economist's perfect-rationality model has little room for untrue beliefs, a rational kind of irrationality would allow this when those beliefs are personally harmless.

Gathering extra political information then suffers from a classic externality problem. In private markets, rational ignorance predicts everyone gets, on average, just enough information. But where the time and effort involved in learning basic civics falls on the individual, the returns on that investment accrue to the polity more broadly through a slight improvement in outcomes at the ballot box. That is a classic recipe for inadequate information. The standard models predict voters will know little, relative to what is best for society as a whole.

Going beyond basic civics into the policies offered by the various parties brings an extra complication of Caplan's rational irrationality. It is not just that not enough is known, it's also that, to paraphrase the old saying, much of what people do know won't be so. The shopper who loves the look of

a new Chevrolet Camaro and who is convinced reports of its poor reliability¹⁵ cannot be true will bear the costs of that decision. Pleasant but false beliefs in that environment are costly.

At the ballot box, things are a bit different. And the difference matters.

CHAPTER 2

The known unknowns

What voters don't know

The models predict that knowledge about civics will be rather thin. But what does the data say?

It turns out a lot is known about what is not known. The broad conclusion of decades of research into political knowledge is that voters are poorly informed, and that is not a new phenomenon.

An Overview of the State of Citizens' Knowledge About Politics

The literature on political knowledge provides fairly compelling evidence for five characterisations regarding what Americans know:

1. the average American is poorly informed but not uninformed;
2. aggregate levels of political knowledge have remained relatively stable over the past 50 years;
3. Americans appear to be slightly less informed about politics than are citizens of other comparable nations;
4. "average" levels of knowledge mask important differences across groups; and
5. knowledge is tied to many attributes of "good" citizenship."

Source: Delli Carpini, M. X. (2005). An overview of the state of citizens' knowledge about politics. In M. S. McKinney, L. L. Kaid, D. G. Bystrom, & D. B. Carlin (Eds.), *Communicating politics: Engaging the public in democratic life* (pp. 27-40). New York: Peter Lang. Retrieved from http://repository.upenn.edu/asc_papers/53

Michael Delli Carpini's survey in the box above is sobering reading for those agreeing with American statesman James Madison's warning

that "a popular government, without popular information or the means of acquiring it, is but a prologue to farce or a tragedy, or perhaps both."⁶ Less than half of Americans surveyed could answer basic questions that Delli Carpini deemed crucial to effective citizenship.

Respondents could not define terms like liberal, conservative, or the Bill of Rights. Neither could they reliably identify candidates' or parties' positions on important issues. And basic knowledge about the unemployment rate, or how much of the federal budget is devoted to big-ticket items, was also wanting. Delli Carpini emphasised the half-full part of the glass in reminding that an average score of 50% represented "an *under*-informed public, but not ... an uninformed one."

The problem is not new.

George Mason University law professor Ilya Somin's review of the literature¹⁷ found only 38% of Americans in 1964 knew that the Soviet Union was *not* a member of the NATO alliance. NATO is a military alliance of US-aligned powers formed to defend against the threat of expansionary Soviet communism. Only two years before the 1964 survey, NATO and the Soviet Union came within a whisker's breadth of nuclear war over Soviet intermediate-range missile installations in Cuba – the Cuban Missile Crisis. Thinking that the Soviet Union was a *part* of the Western military alliance designed to contain and oppose it seems a substantial error. Similarly, and as worryingly, only 22% of Americans knew, in the mid-1980s, that standing US military doctrine was to use nuclear weapons if the Soviets attacked Western Europe.

Somin also notes that Americans' political knowledge has barely improved since survey research began in the late 1930s. This is despite large increases in educational attainment over the period.

As bad as this is, there is hope. Perhaps the expectations are a bit too complicated. One does not need to understand *how* a Camaro's engine works to know that it isn't working. So long as the car owner can figure out whether Chevrolet is to blame or if the mechanic who provided the last oil change made a mistake, the owner can make better decisions next time around.

Similarly, voters might not really need to understand anything about policy or politics if they can see through the window that the country is working. If they can tell who to blame for any problems, they can vote the responsible party out of office. This kind of economic retrospective voting massively reduces the information problem facing voters and, in theory, can encourage good policy outcomes.

Sadly, that's more complicated than it sounds.

In the US, voters must figure out if any problem is due to government failure, or if the observed problem could not possibly have been fixed by the government. If the government is to blame, did local government mess something up, state-level government or the federal government? At the federal or state level, is the problem due to the Executive (the President or Governor) or to the legislature? Or does the problem cycle back to the Federal Reserve central bank? Knowing who to blame requires a basic knowledge of civics.

American voters struggle even with that simple task. Compared to expert academic political scientists, voters are far more likely to attribute outcomes to politicians – over-rewarding them in good times, and over-punishing them in bad times. Worse, they are likely to *diffuse* responsibility across a broad range of governmental institutions rather

than placing blame with the agency most directly responsible. Voters underestimate the importance of the Federal Reserve for overall economic outcomes; underestimate the importance of state and local government for the quality of public schools, and underestimate the importance of Congress and the President for the budget.¹⁸

How should the angry voter behave at the ballot box when different bodies are in control of different parts of the federal and state governments? A 2006 Zogby poll found that less than half of American voters could even *name* all three branches of the federal government.¹⁹ If a person does not really know who is responsible for what, it can be easy to blame any problem on whichever part of government is run by the party they don't support – and punish them.

There's no political ignorance in New Zealand?

At this point, it is tempting to lean back and have a little chuckle about the silly Americans. Surely those kinds of problems aren't in New Zealand, right?

When the band *Blam Blam Blam* told everyone in 1981 that there was no depression in New Zealand, or sheep on its farms, or dole queues, everyone listening knew it wasn't really true. But Kiwis often look across the Pacific Ocean and think they know an awful lot more about how the world works than voters in the United States. Judged on outcomes, well, New Zealand certainly seems far more functional. But voter knowledge among Kiwis is a bit of a worry.

The country's best source of data on voter knowledge and preferences, the New Zealand Election Study, remains relatively underexplored. But a look through the data provides cause for concern, as do the results of a survey commissioned by the New Zealand Initiative to directly assess Kiwis' knowledge of basic civics.

Survey says?

So, how much of what Kiwi voters *should* know about democracy do they really know?

The New Zealand Election Survey (NZES) is the country's most comprehensive regular survey of voter knowledge. The 2017 survey of 3455 Kiwis showed clear deficiencies in the basic understanding of civics. Unfortunately, it did not ask many questions that can be benchmarked against a textbook.

About five respondents in eight correctly recognised that the party vote is more important than the electorate vote in determining the composition of Parliament. About 25% viewed both as equally important, 10% thought the electorate vote was more important and just over 5% did not know.

It can be difficult to punish or reward incumbent political parties for their performance if an individual does not know who the MPs are.

According to the survey, 20% of respondents could not recall which parties formed the Government after the 2014 election (the answer was the National Party, the Māori Party, United Future and ACT). Worryingly, 28% said the National Party was not involved while 7% thought Labour helped to form it.²⁰ One in four knew that both ACT and the Maori Party helped to form the Government while over half thought neither party was involved.

Ideology can be a shortcut heuristic for voters who do not follow parties' policies closely. Yet only 71% of respondents correctly placed Labour to the political left of the National Party. About 18% could not place one or both parties on the axis at all, just under 7% said the parties' ideologies were identical and 4% placed Labour to the right of National.

Poor civics knowledge among Kiwis is not new. The 2005 NZES showed almost a fifth of respondents did not know Labour was a part of the prior Labour-led Government. Also, about half

knew the Party vote determines the composition of Parliament and that the political party with the most votes is likely to get the most seats under MMP.²¹ And a 2008 Colmar-Brunton poll found only 30% of respondents understood MMP's dual-entry threshold into Parliament while barely half recognised the Party Vote as the more important.²²

The 2008 Election Survey provided a greater range of questions but also displayed dismal results:²³

- 84% knew that Labour was in the prior government;
- 81% knew that the term of Parliament is not four years;
- 68% recognised that enrolling to vote is not compulsory;
- 55% could identify the correct thresholds for entry into Parliament under MMP;
- 53% thought the Party Vote is most important in the composition of Parliament;
- 36% agreed that Treasury is not mainly responsible for interest rates;
- 28% knew that non-citizens can vote.

The same survey showed 27% of respondents who support a return to First Past the Post also prefer coalition Governments – which are less likely under FPP. On the other hand, 27% of MMP supporters thought a party with 40% of the vote should receive more than 40% of the seats while 37% said New Zealand has too many political parties. And it seems unlikely that they were considering the minor difference between overall party vote share and the share of seats caused when some parties receive party list votes but no seats in Parliament. Preferences between MMP and First Past the Post are neither right nor wrong. But many people seemed happy with a system very different from their claimed preferences.

Unfortunately, the 2017 NZES had few questions about basic civics knowledge, which is why the New Zealand Initiative commissioned its own survey.

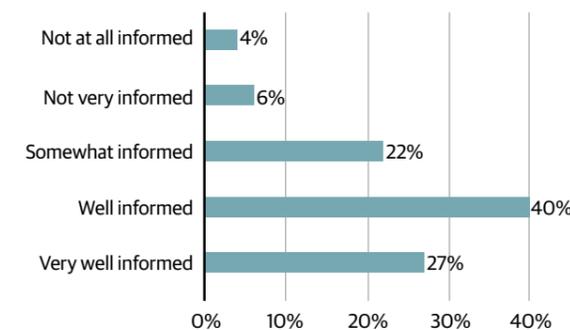
The results are not encouraging.

2020 New Zealand Initiative survey

The New Zealand Initiative put together nine basic civics questions and commissioned a phone interview poll of 1000 Kiwis over two weeks in January, with four supplementary questions.

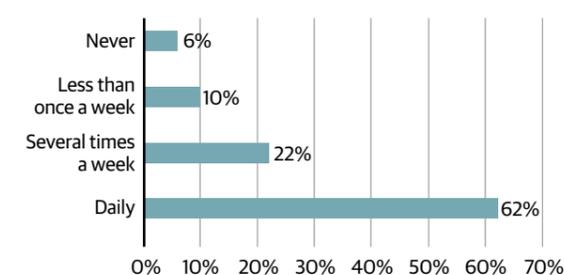
Many respondents considered themselves to be either very well informed (27%) or well informed (40%) in deciding how to vote in the 2020 election. A further 22% considered themselves somewhat informed, 6% not very informed and 4% not at all informed.

Figure 1: How informed do you think you are in deciding how to vote in the next election?



62% said they read newspapers, news websites or magazines daily. About 22% followed the news several times a week, 10% less than once a week and 6% said they never read the news.

Figure 2: How often do you consume written political news such as newspapers, news, websites or magazines?



The Initiative's survey then asked about the current composition of Parliament, basic civics and general political knowledge.

The full set of questions were:

- Can you name all the political parties in the current New Zealand Parliament?
- Who is the current Minister of Education?
- Who is the current Minister for the Environment?
- Which parties in the current New Zealand Parliament voted for the Zero Carbon Bill which passed in late 2019?
- Under MMP, in what ways can parties gain a seat in Parliament?
- Some people say that the best people from all parties should come together and form a permanent, all-party government. Do you agree?
- Does New Zealand have a military alliance with the United Kingdom?
- Which countries form the Five Eyes Alliance?
- In applying the law, do New Zealand courts have to take into account the political intentions of the Government of the day?
- Can you name the three branches of government?
- Some countries have a strong leader who doesn't have to bother with a Parliament or elections. Is this model a very good, good, bad or very bad model?
- How would you feel about the idea of having experts, not elected politicians, make decisions according to what they think is best for the country? Would this be a very good, good, bad or very bad model?
- Do you think that democracy is the best form of Government?

The full data is reproduced below, but some of the highlights are worth teasing out. For instance, a worryingly high number of people (29%) could not accurately name the five political parties present in Parliament. Less than half of respondents (46%) identified both ways parties can enter Parliament under MMP. To put this in perspective, New Zealand's first MMP election was held in 1996 and the 2020 election will be the ninth held under that system.

Figure 3: Can you name all the political parties in the current NZ Parliament?

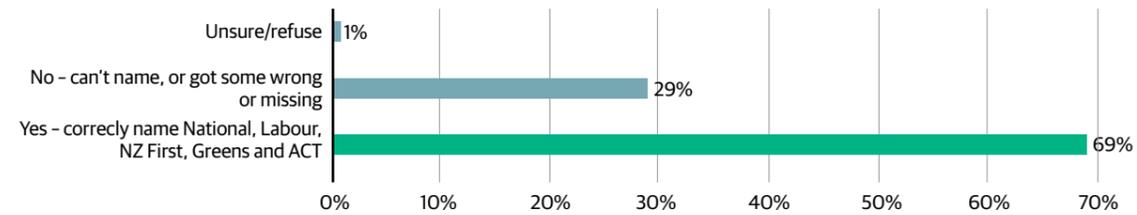
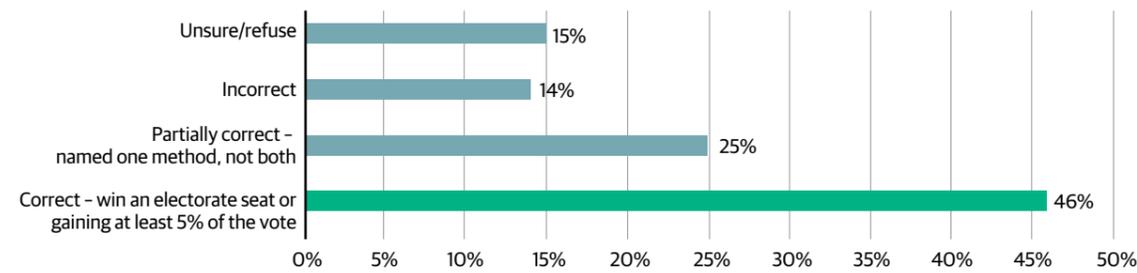


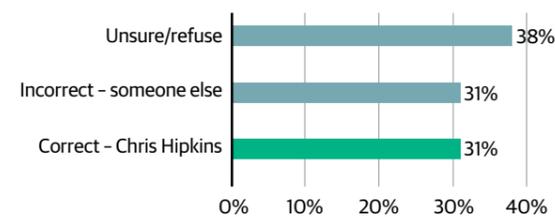
Figure 4: Under MMP, in what ways can parties gain a seat in Parliament?²⁴



Some Ministers always get more of the limelight but connecting a name to the correct portfolio was difficult for some. About a third correctly said Chris Hipkins is the present Minister of Education while only 5% knew David Parker is the Minister for the Environment (46% were unsure).

Knowing who is Minister of what portfolio may be useful in a pub quiz. If the policy area winds up being important, and a citizen wants to write to the Minister about it, names are easily searched online. But it can matter in overall assessments of who to credit, or blame, for policy. If voters strongly support or oppose an environmental policy, knowing if the Minister for the Environment is a Labour Party MP or Green Party MP matters.

Figure 5: Who is the current Minister of Education?



Unfortunately, the Initiative's survey only recorded if respondents gave the right answer. Next time, it will add a follow-up question to ask about the party affiliation of each Minister.

The current Government made the Zero Carbon Bill an important part of its policy agenda. At the close of 2019, the National Party decided to join in supporting the Bill. However, when asked which parties voted for that bill, only 22% pointed to Labour, NZ First, Greens, and National. If National hoped to gain support by voting for the Bill, the survey suggests few voters noticed. Come the election, some voters may either punish or reward the National Party if they incorrectly think it *opposed* the Bill.

Figure 6: Who is the current Minister for the Environment?

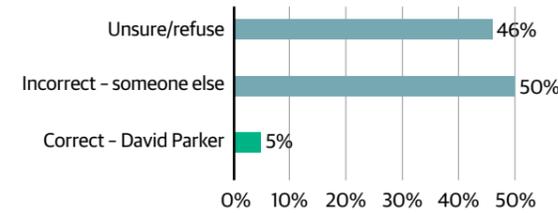


Figure 7: Which parties in the current NZ Parliament voted for the Zero Carbon Bill which passed in late 2019?

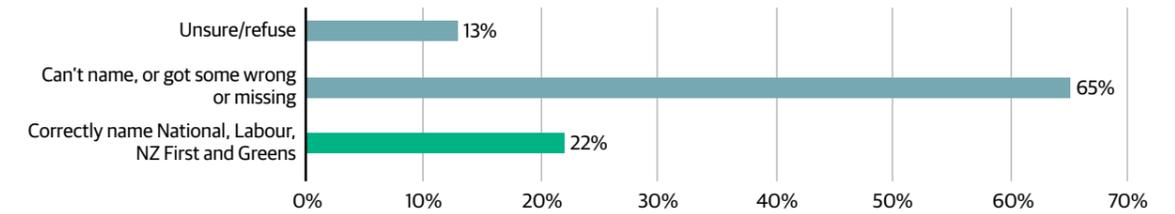


Figure 8: Some people say that the best people from all parties should come together and form a permanent, all-party government. Do you agree?

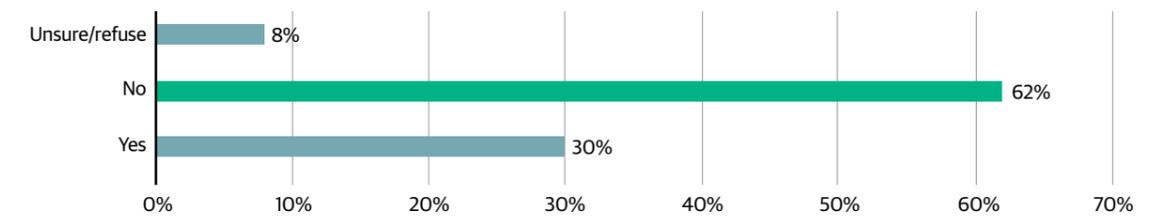


Figure 9: How do you feel about the idea of having experts, not elected politicians, make decisions according to what they think is best for the country? Is this model a very good, good, bad or very bad model?

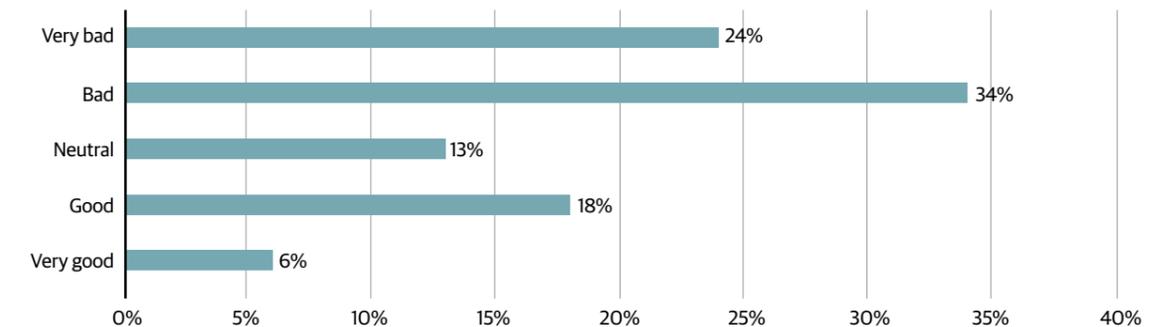
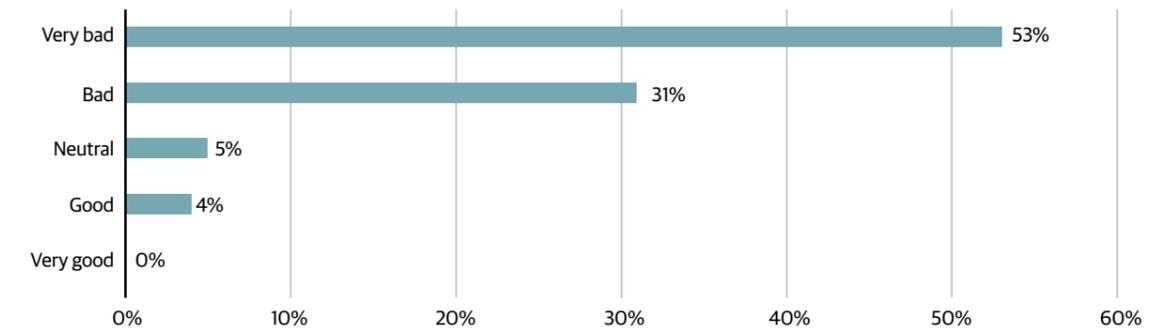


Figure 10: Some countries have a strong leader who doesn't have to bother with a parliament or elections. Is this model a very good, good, bad or very bad model?



A strong majority of respondents (87%) agreed that democracy is the best form of government. But 30% also supported the idea that “the best people from all parties should come together and form a permanent, all-party government” – a notion rather antithetical to modern democracy.

Another positive sign was that 84% said if a strong-man leader abolished elections, that would be either “bad” or “very bad.” However, 4% kind of liked the idea (see “Lizardman’s constant” in endnote 20). Respondents were more receptive (24%) to the idea that experts rather than elected politicians should make decisions according to what they think is best for the country, while 58% viewed it as either a bad or very bad model.

The political system does outsource some decisions to experts. Pharmac’s experts decide which drugs should be funded, within the amount of money allocated by Parliament. It is better for Pharmac to decide which treatments are cost-effective than for Parliament to make those decisions based on which patients are most politically compelling. An independent Reserve Bank makes decisions about monetary policy. It is plausible that more decisions could be handed to independent agencies, within bounds set by Parliament.²⁵ But while a generalised technocracy

may appeal to would-be technocrats, results may be less than desirable.²⁶

Taking a wider view on how New Zealand’s democratic system works, respondents were asked to name the three branches of government (legislature, executive and judiciary). Only 12% could do so. And 59% knew that courts do not have to consider the political intentions of the Government of the day when making legal decisions.

In New Zealand’s Parliamentary system, the Courts can deem policy to be inconsistent with the Bill of Rights but cannot overturn legislation since Parliament is supreme. Judicial decisions about whether legislation aligns with constitutional provisions serve as bulwarks only to the extent that voters notice the findings and reassess their views of the legislation – and the parties in support of it – in light of those findings. Not even knowing the basic structure of the government makes that task difficult.

Another finding in the survey, which may interest the government of the United Kingdom, is that more than half of Kiwis, 56%, believe New Zealand has a military alliance with the UK. Another 20% were unsure. Respondents were less confident about which countries are part of the

Figure 11: Can you name the three branches of government?

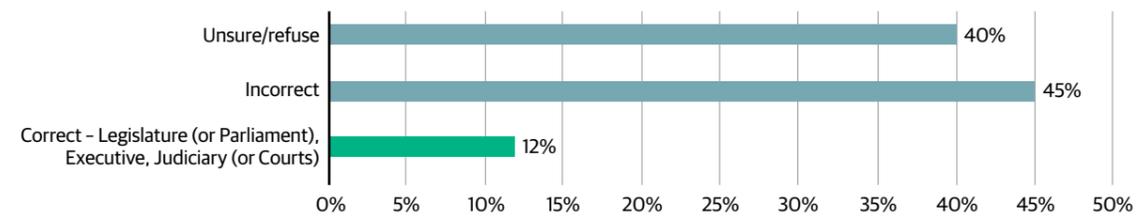


Figure 12: In applying the law, do NZ courts have to take into account the political intentions of the Government of the day?

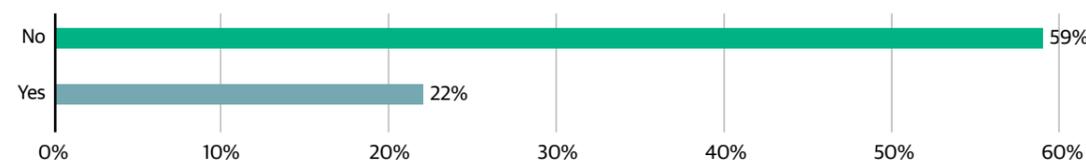


Figure 13: Does NZ have a military alliance with the United Kingdom?

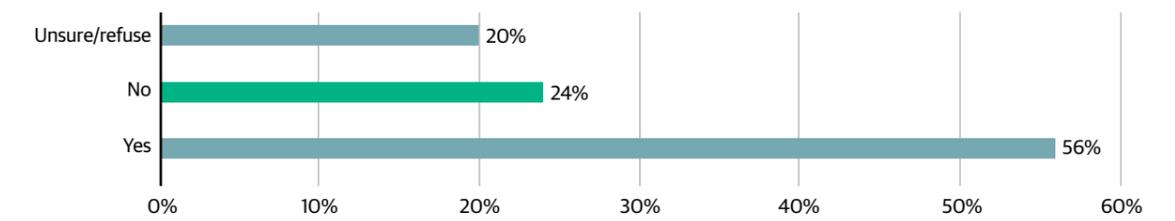
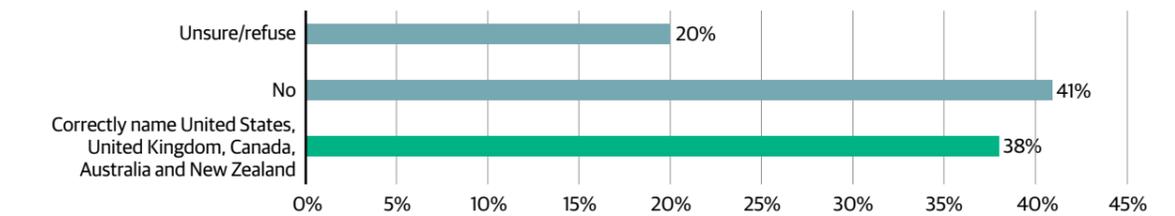


Figure 14: Which countries form the Five Eyes Alliance?



so-called “Five Eyes” intelligence-sharing pact. Only 28% could name New Zealand, Australia, Canada, the US and the UK.

While there may not be direct implications for policy or democratic accountability, overestimating the likelihood that the UK would necessarily come to New Zealand’s aid may lead voters to support defence or foreign policies that they would not otherwise.

Kiwis maintained strong support for democracy. But knowledge of the country’s electoral system is weak. The average number of correct answers on the nine basic civics questions was 2.9. Even without questions about who is the Minister of

Education or the Minister for the Environment to tally a score out of seven rather than out of nine, the results are grim.

The survey data also shows which demographic characteristics were most associated with higher scores, adjusting for all other demographic characteristics. Men, older generations, city-dwellers, university-leavers, daily media consumers and folk in lower decile areas scored higher in the survey, adjusting for everything else. (see Table 1A in the Appendix).

Education had the largest effect on knowledge. Those with a bachelor’s degree scored about 1.5 more points than those without a diploma.

Table 1: Educational attainment across political parties

Educational attainment	Green	Labour	NZF	National	Other	Unsure	Total
None	0	57	6	40	1	14	118
School Qualification	4	79	12	94	10	16	215
Trade / Diploma	8	98	11	113	5	37	272
Degree	30	128	12	123	16	52	361
Unsure	0	7	2	4	0	21	34
Total	42	369	43	374	32	140	1,000

The Green Party attracts the most educated supporters, with 71.4% of Green supporters having a degree: about twice the sample average. The typical Green voter is then more likely to know more about basic civics, but the effect is driven by education levels. See Table 1 below.

Reading the news daily was associated with 0.7 more correct answers compared with those who never read the news. In this survey, support for different political parties had no effect on the number of correct answers – when the effects of education are also included. See Table 1A in the Appendix.

Fortunately, those respondents answering more questions correctly also rated themselves as knowing more about politics. The reverse would have been especially worrying. Every correct answer was associated with a 0.1 point increase in voters' self-assessed political knowledge on a five-point scale. Unfortunately, because the average score was so low, it is harder to tease out implications. A future survey will ask more questions, including easier questions. The

authors were not pessimistic enough about the dearth of voter knowledge when setting up the survey questions. See Tables 1A and 2A in the Appendix.

While men scored higher than women in the survey, men were also more likely assess their levels of political knowledge as being higher – above what was warranted by higher scores. This could reflect overconfidence, or it could reflect that the survey did not include questions across a broad enough range of knowledge. Similarly, older people, those living in higher decile communities and news readers were more likely to rate their knowledge level higher – again, adjusting for their score on the survey. See Tables 1A and 2A in the Appendix.

Or, to put it another way, comparing two people with the *same* score in the political knowledge survey, it will be men, older people, those in higher decile communities and regular news readers who think they have more political knowledge.

CHAPTER 3

Fixing the problem

Voter knowledge matters

Some problems are self-correcting, or close to it. Rational ignorance holds that people will acquire information when it's worthwhile to acquire it. Pop quizzes on knowledge can show remarkable levels of ignorance about basic science. For example, only 53% of Americans knew, in a 2008 survey, how long it takes for the Earth to revolve around the Sun.²⁷ But that knowledge is easily acquired, and not knowing a basic fact may not have immediate negative consequences. In situations where knowing a fact is likely to matter, people can be expected to spend the time to learn.

Knowledge of basic civics and politics is a harder problem. Every vote cast barely affects an election outcome – hardly enough for a voter to really find it worth the effort to get informed about crucial matters. But each vote affects the outcome *a little bit*.

Just as the greenhouse gas emissions from driving a car for a month adds a tiny bit towards global warming, but an entire city driving for decades can matter a lot, the cumulative effects of voter ignorance can be substantial. But when a Kiwi drives a car, every bit of carbon dioxide from the tailpipe is a bit less carbon dioxide emitted elsewhere in New Zealand because of the Emissions Trading Scheme. And there is no “Political Emissions Trading Scheme” to mitigate those voter-on-voter externalities. If there were, policy outcomes would have provided the country with a stronger Greenhouse Gas Emissions Trading Scheme much earlier.

All this matters because voter preferences ultimately drive outcomes. Bad policy is

inevitable if voter preferences are created by mistaken beliefs about civics or facts – especially if there is a wide gulf between voter beliefs and those of subject experts. Ideally, politicians recognising that bad policy leads to bad outcomes would have an incentive to avoid H.L. Mencken's warning that “democracy is the theory that the common people know what they want and deserve to get it good and hard.”²⁸

But there is additional danger where bad policy leads to bad outcomes, and bad outcomes lead to worse general thinking about policy. Economist Bryan Caplan described this dynamic as an “idea trap.”²⁹ When it comes to economic policy, better economic circumstances tend to predict the public will more strongly agree with economists about how the economy works. A better understanding of good economic policy leads to stronger support for better policy, which leads to better outcomes and reinforces support for the institutions that brought better outcomes in the first place. But the process can also work in reverse, in a self-reinforcing downward spiral.

American philosopher Jason Brennan argues that while people may not have a duty to vote, they do have a duty to vote *well* if they do vote. The costs imposed on the broader society can add up.³⁰

A stronger understanding of civic institutions and how they work – a more informed electorate – can help ensure that, whatever voters' preferences might be, those preferences can be better translated into outcomes supported by those voters.

But building that understanding is difficult. There are two approaches to the problem. The first is teaching the basics as part of

everyone's compulsory education. Many countries have tried this and civics knowledge tends to remain poor. The second is providing positive incentives to *know* things about civics. This has not yet been tried.

Civics education?

According to an international dataset gathered in 2008, Year 9 Kiwi students were better prepared for citizenship than students in other countries, and average compared with students in OECD countries.³¹ New Zealand also had a larger gap between the higher and lower achievers than in most OECD countries.³² Performance among Maori and Pacifica students was particularly weak.

But 2008's Year 9 students are today's 25-year-olds. And political knowledge among those aged 18–40 was lower than that of older cohorts. Either civics education was better in earlier periods or civics knowledge is picked up over time as people age and gain experience.

Earlier, this report discussed the state of civics education. New Zealand schools have no formal civics curriculum. The New Zealand Curriculum is a framework on which schools build their own curricula.

The Government's announcement that New Zealand History will be made compulsory from 2022³³ could provide a platform for teaching the basics of the country's political institutions and how they developed. But few details of that curriculum are yet available. According to Transparency International New Zealand, civics education must be compulsory in student literacy tests because inconsistent frameworks create imbalanced and inequitable civic engagement.³⁴

But boosting civics knowledge through schooling may be harder than it appears. Civics education in the US is standard. But results have been disappointing.

In 2018, the Center for American Progress think tank noted that, since 1998, civic literacy rates have stagnated.³⁵ It cites a 2016 survey finding that only 26% of Americans could name all three branches of government which was a decline in previous years' results. In the Initiative's survey, only 12% of Kiwis could correctly answer the same question.

The Center for American Progress' report notes that civics courses are not compulsory in ten US states while thirty-one required a half-year course and nine (plus the District of Columbia) required a full-year course. While the Center's report argues that civics courses must go beyond teaching basic knowledge, it provides no empirical analysis of differences across US states in scores on the AP Government exam, or how those differences relate to teaching styles.

From the Center's reported data, the average score on the AP Government exam across US states with no civics requirement is 2.86. The average score among states (and the District of Columbia) requiring at least some civics is 2.67. States requiring a civics exam for high school graduation average 2.68 on the AP Government exam while the average of the average scores in states without those requirements is 2.76.

A simple cross-sectional regression shows no association between any of the factors listed in the Center's table and state-level scores in AP Government. Whether a civics course is required, a civics exam made compulsory for graduation, community service is required or whether a school offers a full curriculum seems unrelated to a state's average score on the AP Government exam.

More work is needed to establish that civics education does not help. States without a compulsory course could easily see fewer students attempt the AP Government exam, for example. If weaker students attempt the AP Government exam in US states with compulsory instruction in civics, that on its own could generate lower scores

in those states. And averaging the average of state-level results can easily lead to errors where different numbers of students attend schools

in different US states. But caution is needed in assuming that civics instruction is a panacea.

Table 2: Civics education in the United States

State	Requires civics course	Length of course (In years)	Full curriculum*	Requires community service	Mean score on the US. government AP exam	Requires civics exam to graduate
Alabama	Yes	0.5	Yes	No	2.27	Yes
Alaska	No	0	No	No	2.72	No
Arizona	Yes	0.5	Yes	No	2.73	Yes
Arkansas	Yes	0.5	Yes	Provides Credit	2.25	Yes
California	Yes	0.5	Yes	No	2.53	No
Colorado	Yes	1	Yes	No	2.74	No
Connecticut	Yes	0.5	Yes	Provides Credit	3.07	No
Delaware	No	0	No	Provides Credit	2.80	No
District of Columbia	Yes	1	Yes	Required	2.33	No
Florida	Yes	0.5	No	Provides Credit	2.32	Yes
Georgia	Yes	0.5	Yes	Provides Credit	2.64	No
Hawaii	Yes	1	Yes	Provides Credit	2.68	No
Idaho	Yes	1	Yes	No	2.99	Yes
Illinois	Yes	0.5	Yes	Provides Credit	2.69	No
Indiana	Yes	0.5	Yes	Provides Credit	2.53	No
Iowa	Yes	0.5	No	No	2.85	No
Kansas	Yes	1	Yes	No	2.89	No
Kentucky	No	0	No	No	2.51	Yes
Louisiana	Yes	0.5	Yes	No	2.40	Yes
Maine	Yes	0.5	No	No	2.76	No
Maryland	Yes	1	Yes	Yes	2.92	No
Massachusetts	Yes	0.5	No	No	2.88	No
Michigan	Yes	0.5	Yes	No	2.81	No
Minnesota	Yes	0.5	No	Provides Credit	3.10	Yes
Mississippi	Yes	0.5	Yes	No	1.88	No
Missouri	Yes	0.5	No	Provides Credit	2.77	Yes
Montana	No	0	No	No	2.77	No
Nebraska	No	0	No	No	2.57	No
Nevada	Yes	1	Yes	Provides Credit	2.33	No

State	Requires civics course	Length of course (In years)	Full curriculum*	Requires community service	Mean score on the US. government AP exam	Requires civics exam to graduate
New Hampshire	Yes	0.5	Yes	Provides Credit	3.14	Yes
New Jersey	No	0	No	Provides Credit	3.09	No
New Mexico	Yes	0.5	No	Provides Credit	1.96	No
New York	Yes	0.5	No	No	2.74	No
North Carolina	Yes	1	No	No	2.68	No
North Dakota	Yes	0.5	Yes	Provides Credit	2.80	Yes
Ohio	Yes	0.5	Yes	Provides Credit	2.79	No
Oklahoma	Yes	0.5	Yes	Provides Credit	2.57	No
Oregon	No	0	No	Provides Credit	2.77	No
Pennsylvania	Yes	0.5	Yes	No	2.87	No
Rohde Island	No	0	No	No	2.99	No
South Carolina	Yes	0.5	Yes	No	2.87	Yes
South Dakota	Yes	0.5	Yes	Provides Credit	2.96	No
Tennessee	Yes	0.5	Yes	Provides Credit	2.65	Yes
Texas	Yes	0.5	Yes	Provides Credit	2.20	No
Utah	Yes	0.5	Yes	No	2.99	Yes
Vermont	No	0	No	No	3.41	Yes
Virginia	Yes	1	No	No	3.03	No
Washington	No	0	Yes	Provides Credit	2.94	No
West Virginia	Yes	1	Yes	Provides Credit	2.30	No
Wisconsin	Yes	0.5	No	No	2.95	Yes
Wyoming	Yes	0.5	Yes	No	2.74	Yes

Source: (Shapiro & Brown, 2018)³⁶

Does civic knowledge erode after it was taught in the classroom?

A 2008 experiment gave high school civics students more material about the Bill of Rights. The experiment hoped to determine if greater knowledge about civil liberties led to greater support for civil liberties. The study found that students in classrooms randomly assigned to receive greater instruction about

the Bill of Rights had a short-term increase in their knowledge of civil liberties. But that knowledge gradually dissipated over the next two years.³⁷

The experiment also had no effect on support for civil liberties. While political knowledge generally correlates with support for civil liberties, the intervention did not affect views about the importance of civil

liberties during that period. One could despair about the result or take heart in it: if a concern is that civics instruction could create indoctrination, then it should be reassuring that the instruction does not change a student's views.

If a civics curriculum is desired, the Brown Center's "Proven Practices" framework could be a good start.³⁸ But every additional compulsory course has an opportunity cost: the course that is pushed out of the student's timetable to make room. And the effectiveness of civics instruction is less well established than one might hope. A 2011 Belgian study found politics classes had no effect on political knowledge, accounting for a student's initial levels of political knowledge.³⁹ And, as Ilya Somin points out, huge increases in education levels in the US last century, and the substantial increases in exposure to civics training, were not tied to greater political knowledge. Somin notes that the political knowledge of university graduates in the 1990s are comparable to those of high school graduates of the 1940s.⁴⁰

Closer to home in Australia, while its schools do not have a comprehensive civics education curriculum since 2014, they are taught as an integrated module for Years 3–6 and a standalone subject to Years 7–10. The 2001 reforms were called "herculean,"⁴¹ but political knowledge is not much better.

Australia's National Assessment Programme assesses the level of civics knowledge every four years.⁴² In 2017, then-Minister of Education Simon Birmingham described the state of civics education as "woeful."⁴³ The Australian Curriculum's Assessment and Reporting Authority (ACARA) showed that while proficient civic literacy among Year 6 students increased by five percentage points in the twelve years to 2016, the proportion of proficient Year 10 students dropped from 39% to 38%.⁴⁴

Improving the returns to civic education

For a brief shining period in New Zealand's history, there was an excellent reason to keep informed about politics and policy. From 2008 until 2016, Kiwis who understood politics and policy could put that knowledge to use buying and selling contracts on a political stock exchange called iPredict.

It was a niche operation and most of the traders on iPredict were among the already better-informed. iPredict allowed trading in contracts that paid out depending on whether specific political, policy or economic outcomes happened. For example, one contract would pay out at \$1 if the unemployment rate for the 2015 June Quarter was between 5.75–6%; another would pay out if the rate is between 5.5–6%, and so on.

Prices in those markets reflected the traders' overall assessments of whether different things might happen. Would Sir Roger Douglas' members' bill on the Youth Minimum Wage pass? Would New Zealand First return to Parliament in the 2008 or 2011 election? How many seats might ACT win? How big would the next OCR move be?

Thinking through the likelihood of an event requires a reasonable understanding of civic institutions, current events and the basic political fabric. If the current trading price on New Zealand First's vote share suggests it will receive 5.25% of the vote, but a contract paying \$1 if the party's leader Winston Peters re-enters Parliament is only trading at \$0.3175, does that mean one can profit by buying Peters contracts, or by shorting the contract on the vote share, or that both prices are somehow simultaneously correct?⁴⁵

While few Kiwis traded on iPredict, the possibility of trading and the market's public prices, potentially improved civic knowledge. News broadcasts would feature

The voter achievement test

Quoting Caplan in 2013:

"After years of reflecting on voter cognition, though, I've come up with a remedy that seems both practical and palatable. At risk of being pragmatic and constructive:

1. Get rid of traditional civics and government education. The data show it's waste of money;
2. Create an annual Voter Achievement Test with questions about politics, economics, and policy;
3. Each year, any citizen who wants to take the test can do so at testing centres around the country for free;
4. Participants receive cash rewards based on their score. E.g.: \$1000 for 90%+, \$500 for 80–89%, \$100 for 70–79%, \$0 for less.

Source: Caplan, Bryan. A cheap, inoffensive way to make democracy work better. 2013. Available at www.econlib.org/archives/2013/10/a_cheap_inoffen.html

"The Voter Achievement Test doesn't just give citizens a clear incentive to actually master the material by whatever means they find effective – elective classes, free reading, Internet, discussion, etc. It also gives them a clear incentive to maintain their mastery of the material, because they can retake the test for cash prizes every single year.

"The most common objection is that the test would be politically biased. But as a standardised national test, all eyes would be on it. Any alleged bias would attract massive attention. And, of course, existing civics education is heavily biased already, so it's hard to see how the test could be worse. "Why not?"

the odds of different election outcomes. And partisans offering strident views on the likelihood of different events could be invited to put their money where their mouth is – in the same way the overly vocal fan of the Welsh Rugby Team at the pub might be encouraged to look at the latest TAB odds. Probabilities backed by real willingness to pay carry more weight than a pundit's reckons. They anchor a person's expectations and help create better outcomes. It is *harder* to fool oneself with pleasant beliefs when money is riding on the outcome and people are betting against the position.

This opens up some more ideas for encouraging greater civic knowledge. Civics education is a bit like pushing on a string or teaching Latin to kids who do not care about declension. If there is no good *reason* to know things, it's harder to motivate the students. And there is little good reason, really, to know a lot about civics. The benefits are largely external. Anything

memorised to pass the test can quickly be forgotten without consequence.

Consider the amount of political information already available for free to anyone with a web browser and weigh it against how much people know about civics. Consider the intrusiveness of political advertising during election campaigns and the life situations of a fifth of the population who manage to *avoid* learning which party is currently in power. Political knowledge is heavily subsidised and every political party gets a free broadcasting allocation. Yet large segments of the population can best be described as political know-nothings.

The availability of political and civic information is not the problem. Rather, the demand for that information is the problem. The same problem is driving news media companies into bankruptcy: if many people actively avoid learning about current events, it isn't surprising that few are willing to pay what it costs to produce proper

journalism as advertising revenues dry up. Building effective demand for knowledge about civics and politics to encourage a better-informed electorate would then also help save journalism.

So, what kinds of incentives could encourage people to *want* to be better informed?

If iPredict still existed, the Government could give every Kiwi an iPredict trading account with a \$10 credit. But learning how to trade on those kinds of markets is tricky. The administrative overhead for iPredict in handling millions of tiny accounts would be expensive – especially when the administrative costs of the government's stringent anti-money laundering rules are what killed iPredict anyway.⁴⁶

Something else is required. Simpler solutions don't need to be costly. Or, at least, they are far cheaper than the kinds of bailout packages the Government has already used to prop up newsmedia organisations.

Bryan Caplan, noted earlier, offered one idea: a Voter Achievement Test.

A simpler version of the proposal would give voters a chance to answer a short multiple-choice test at the polling station before voting. Cash could be paid on the spot based on the voter's score. Questions would draw on the basic factual knowledge about New Zealand's political system incorporated in any NCEA Level 1 civics course as learning outcomes. If civics education does little in the *absence* of a clear reason for learning the material, then perhaps students should have more reason to engage.

All the potential questions and answers could be published as advertisements in the newspapers and made available online. The point of the test is not to force people to hunt around, but rather to know the material before they voted. Which parties are currently in Government? What about last time? What is the threshold for a party to enter

Parliament? What is the current unemployment rate, and how does it compare to the rate four years ago? Perhaps that last question is best left for years in which Covid-19 is not an issue.

Most importantly, voters must receive their test score and payment before casting a ballot. If a voter wanted to reward the current Government for good performance but was mistaken about which parties were in Government, finding out could help in casting a better ballot.

Alternatively, rather than encouraging everyone to cram for the election, the Government could consider a different way of encouraging a better-informed society. In April, the Government announced a \$50 million bailout package for media. Demand for the kind of journalism to ensure a well-functioning democracy is weak for the same reason that voter knowledge is poor: there is little incentive to know things, and free-riding on others who are paying attention is tempting.

For much less than \$50 million per year, the Government could instead run a daily lucky-caller quiz. Voter enrolment forms would ask voters to voluntarily include their preferred phone number.

Every day, Elections New Zealand would randomly dial-up one lucky registered voter. Answering the day's skill-testing question, drawn from the week's headlines or drawn from those basic questions about civics, would win the day's prize. Elections NZ would continue randomly calling enrolled voters until someone correctly answered the question of the day.

The sums at stake would not necessarily have to be large to encourage people to read a newspaper. A \$10,000 daily prize would cost \$3.65 million – trivial, relative to the media bailout package. Even a \$100,000 daily prize would be cheaper than the 2020 media bailout package.

The country had (as of 30 April, 2020) just over 3.26 million enrolled voters. The prospect of

winning a daily prize might encourage greater enrolment among younger cohorts. The odds of winning would be low – 365 divided by 3.26 million is not a big number. The expected value of a \$100,000 prize on this kind of scheme would be just over \$10 per year – not enough to cover the cost of a newspaper subscription. But imagine getting that lucky phone call, and missing out on the \$100,000 prize, because the person *hadn't* kept up with the news or bothered to check the published set of civics answers.

The odds of getting the lucky phone call during an electoral period are not high: about one in 3000 for a three-year election period if only one voter is called every day. But the odds of casting a vote that changes the outcome of an election are far lower. Economists Casey Mulligan and Charles Hunter found that, over the course

of a century's worth of election results, only one of 89,000 votes cast in US Congressional elections, and one in 15,000 votes cast in state-level elections, changed which candidate won.⁴⁷ But changing the outcome of an election does not just require changing which candidate is the last one admitted to Parliament under MMP's Sainte-Laguë formula. It also requires the candidate to be pivotal in determining the balance in a governing coalition.

If it is implausible that the chance of winning a daily prize will encourage voters to subscribe to a local newspaper and become better informed, how much *more* implausible is it that the chance of changing the election provides sufficient motivation to vote? The odds of the latter are far lower and at least some might prefer winning \$100,000 to changing the election outcome.

Conclusion

We don't know how lucky we could be

However crazy or worrying New Zealand politics or policy may seem on any given day, it is much worse elsewhere in the world. People who care about policy, like those who are likely to read or write policy reports, will rightly focus on the things that could be improved.

The to-do list is long.⁴⁸

But New Zealand's fundamental institutions generally work. Political disagreements are on the edges.

It is the state of political knowledge which is very poor.

In one sense that is heartening: it would be worrying if people were too enthralled by the theatre of politics, or were desperate to know every detail of what goes on in Parliament. The person who knows every detail of her car engine might have to know those details because the engine needs frequent repairs. Not having to know how to fiddle with the points and condenser to make the car start in the morning, because it is a modern and reliable car, is a luxury.⁴⁹ Similarly, it is a luxury to live in a country where most people do not need to pay much attention to politics and policy.

But knowing more about civics, government and institutions has effects on the broader polity. This effect is often understated. Every election begins with calls to do one's civic duty to get out there and vote. But few highlight the need to vote well, because each vote has a tiny incremental influence on policy outcomes.⁵⁰ There is no Political Emissions Trading Scheme to offset the externalities of an ill-informed vote.

When too few Kiwis understand the basics of New Zealand government, civics and policy, it is too easy to support changes that might turn this country into a basket case. Burning down Chesterton's Fence becomes a real risk. At the margin, greater knowledge and appreciation of New Zealand's political system would be a good thing.

How to get there from here is more difficult.

Civics classes hold a lot of appeal but might not work. Should the government wish to improve civic knowledge through enhanced instruction at secondary schools, it could experiment. The government could roll out new programmes in a few schools and then test the students a few years after graduation. It would check if the civics lessons had stuck and would ensure other important knowledge wasn't pushed out of the classroom to make room for more civics education.

Attempts to solve the problem from the other direction – by pulling on the string rather than pushing on it – have never been tested. Trialling them would not be all that expensive, in the grand scheme of things. They might also improve newsmedia finances by encouraging people to take up subscriptions.

At worst, more people would be talking about the state of civic knowledge. And that too could improve knowledge. The Taxpayers' Union may launch angry campaigns about the waste of taxpayer money, but if those ads featured some of the simple facts about basic civics that might draw a taxpayer-funded prize, that too would help increase knowledge about civics.

And it might even be better value for the taxpayer dollar than classroom lessons.

Appendix

Table 1A: New Zealand Initiative 2020 civics survey – factors predicting the number of correct answers

Dependent variable: Number of correct answers						
Independent variables:	reg1	reg2	reg3	reg4	reg5	reg6
	b/t	b/t	b/t	b/t	b/t	b/t
Female	0.000	0.000	0.000	0.000	0.000	0.000
	(.)	(.)	(.)	(.)	(.)	(.)
Male	0.593***	0.621***	0.601***	0.572***	0.592***	0.566***
	(5.24)	(5.43)	(5.29)	(4.85)	(4.99)	(4.72)
18-40	0.000	0.000	0.000	0.000	0.000	0.000
	(.)	(.)	(.)	(.)	(.)	(.)
41-60	0.479**	0.526**	0.527**	0.620***	0.666***	0.568**
	(2.81)	(3.04)	(3.07)	(3.52)	(3.74)	(3.17)
61+	0.639***	0.753***	0.762***	0.729***	0.681***	0.582***
	(3.91)	(4.61)	(4.70)	(4.36)	(4.05)	(3.45)
Metro	0.000	0.000	0.000	0.000	0.000	
	(.)	(.)	(.)	(.)	(.)	
Provincial City	-0.462**	-0.486***	-0.475***	-0.587***	-0.631***	
	(-3.29)	(-3.43)	(-3.38)	(-4.02)	(-4.30)	
Towns/Rural	-0.349*	-0.378**	-0.382**	-0.505***	-0.620***	
	(-2.57)	(-2.75)	(-2.80)	(-3.56)	(-4.40)	
Deciles 1-3	0.000	0.000	0.000	0.000		
	(.)	(.)	(.)	(.)		
Deciles 4-7	-0.388**	-0.344*	-0.330*	-0.430**		
	(-2.71)	(-2.38)	(-2.29)	(-2.87)		
Deciles 8-10	-0.660***	-0.678***	-0.674***	-0.847***		
	(-3.77)	(-3.82)	(-3.81)	(-4.64)		
Education						
None	0.000	0.000	0.000			
	(.)	(.)	(.)			
School Qualification	0.310	0.363	0.347			
	(1.52)	(1.76)	(1.69)			
Trade/diploma	0.490*	0.568**	0.554**			
	(2.50)	(2.87)	(2.81)			
Degree	1.285***	1.442***	1.433***			
	(6.61)	(7.43)	(7.46)			
Unsure	-0.033	0.092	0.050			
	(-0.09)	(0.25)	(0.14)			
Green	-0.038	0.011				
	(-0.12)	(0.03)				

Dependent variable: Number of correct answers						
Labour	0.089	0.171				
	(0.49)	(0.93)				
NZF	-0.310	-0.275				
	(-0.99)	(-0.88)				
National	-0.056	-0.012				
	(-0.31)	(-0.07)				
Other	0.028	0.123				
	(0.08)	(0.35)				
Unsure	0.000	0.000				
	(.)	(.)				
How often do you read the news?						
Never	0.000					
	(.)					
Less than once a week	-0.178					
	(-0.58)					
Several times a week	0.279					
	(1.00)					
Daily	0.702**					
	(2.69)					
Unsure	-0.955					
	(-1.24)					
_cons	1.591***	1.834***	1.890***	2.798***	2.419***	2.140***
	(4.29)	(6.33)	(7.30)	(14.24)	(14.57)	(13.49)

Note: t statistic in parentheses; * p<0.05, ** p<0.01, *** p<0.001

Table 2A: Factors that predict how well informed you think you are

Dependent variable: How informed do you think you are?								
Independent variables:	reg7	reg8	reg9	reg10	reg11	reg12	reg13	reg14
	b/t							
Number of correct answers	0.102***	0.126***	0.124***	0.125***	0.118***	0.116***	0.123***	0.130***
	(5.85)	(7.05)	(6.95)	(7.29)	(6.97)	(6.90)	(7.34)	(7.79)
Female	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	(.)	(.)	(.)	(.)	(.)	(.)	(.)	
Male	0.198**	0.187**	0.200**	0.200**	0.196**	0.201**	0.183**	
	(3.16)	(2.87)	(3.09)	(3.12)	(3.05)	(3.13)	(2.85)	
18-40	0.000	0.000	0.000	0.000	0.000	0.000		
	(.)	(.)	(.)	(.)	(.)	(.)		
41-60	0.264**	0.280**	0.296**	0.286**	0.277**	0.289**		
	(2.82)	(2.87)	(3.05)	(2.99)	(2.89)	(3.05)		
61+	0.246**	0.317***	0.329***	0.319***	0.335***	0.348***		
	(2.73)	(3.41)	(3.56)	(3.52)	(3.70)	(3.88)		
Metro	0.000	0.000	0.000	0.000	0.000			
	(.)	(.)	(.)	(.)	(.)			
Provincial City	0.056	0.066	0.053	0.051	0.062			
	(0.73)	(0.83)	(0.67)	(0.64)	(0.78)			
Towns/Rural	0.048	0.038	0.040	0.039	0.071			
	(0.65)	(0.49)	(0.52)	(0.51)	(0.94)			
Deciles 1-3	0.000	0.000	0.000	0.000				
	(.)	(.)	(.)	(.)				
Deciles 4-7	0.142	0.170*	0.168*	0.167*				
	(1.81)	(2.08)	(2.07)	(2.07)				
Deciles 8-10	0.271**	0.271**	0.260**	0.254*				
	(2.80)	(2.70)	(2.59)	(2.56)				
Education								
None	0.000	0.000	0.000					
	(.)	(.)	(.)					
School Qualification	-0.073	0.003	0.022					
	(-0.66)	(0.03)	(0.19)					
Trade/diploma	-0.061	-0.009	0.003					
	(-0.57)	(-0.08)	(0.03)					
Degree	-0.108	0.016	0.025					
	(-0.99)	(0.14)	(0.22)					
Unsure	0.059	0.174	0.116					
	(0.30)	(0.85)	(0.58)					
Green	0.156	0.219						
	(0.90)	(1.22)						
Labour	0.007	0.052						
	(0.07)	(0.51)						
NZF	0.265	0.229						

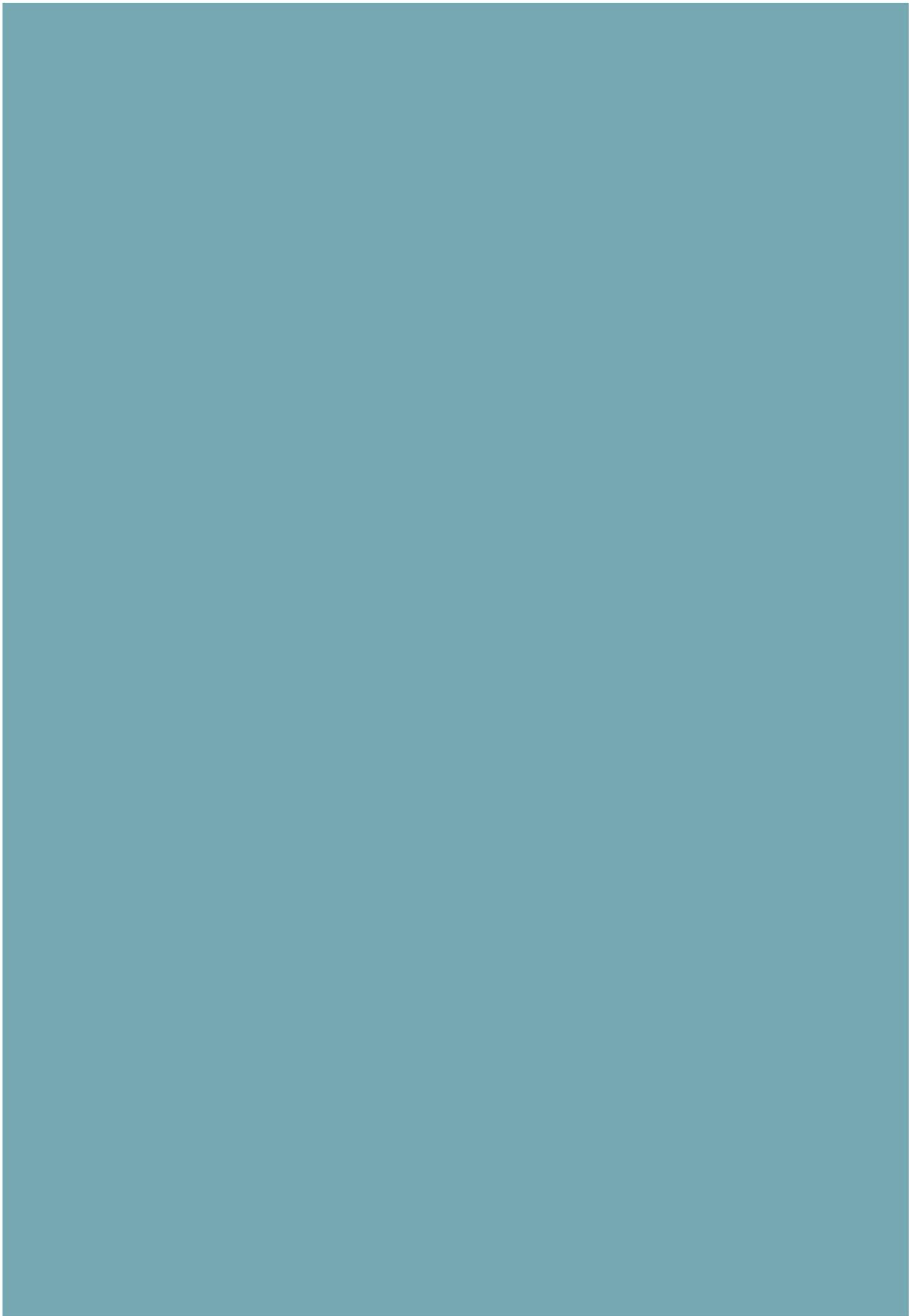
Dependent variable: How informed do you think you are?								
	(1.55)	(1.29)						
National	0.181	0.199						
	(1.82)	(1.93)						
Other	-0.057	0.016						
	(-0.30)	(0.08)						
Unsure	0.000	0.000						
	(.)	(.)						
How often do you read the news?								
Never	0.000							
	(.)							
Less than once a week	0.515**							
	(3.06)							
Several times a week	0.938***							
	(6.16)							
Daily	1.139***							
	(7.96)							
Unsure	0.910*							
	(2.16)							
_cons	2.087***	2.836***	2.935***	2.964***	3.116***	3.151***	3.408***	3.474***
	(10.19)	(17.08)	(19.62)	(25.51)	(31.87)	(34.59)	(55.09)	(60.34)

Note: t statistic in parentheses; * p<0.05, ** p<0.01, *** p<0.001

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10. The New Zealand Political Science Association's report on civics education, for example, notes the inherently political nature not only of civics education content, but also of whether a fact-based approach or a more activist approach can better engage students and create a more engaged citizenry. <https://nzpsa.com/resources/Documents/Our%20Civic%20Future.pdf>. The Initiative's broader work in education points to the importance of building on basic factual knowledge to provide tools for later engagement.
11. One of the authors of this report taught Public Choice, a 300-level paper, at the University of Canterbury between 2004-2013. Most of the academic literature focuses on US political institutions, so a short explanation of the US system is warranted. It quickly became obvious almost no New Zealand student understands their own electoral or political institutions, so instruction in their own systems preceded explanation of US systems. This included explanations of the difference between the Executive, Legislature and Judiciary; what a Constitution is; and how New Zealand's electoral system works. Third year students who selected a course on economic analysis of politics, who should be among the more informed, generally knew nothing about their own political system and institutions – unless they were double-degree students also completing a degree in laws or politics.
12. Post-election bargaining among political parties to form coalitions also affects consequent policy. Torsten Persson and Guido Tabellini found that, relative to countries with first-past-the-post elections, countries using variants of proportional representation have higher levels of government spending – because of the expensive programmes agreed to in these negotiations. See Persson, Torsten and Guido Tabellini. 2004. "Constitutional Rules and Fiscal Policy Outcomes." *The American Economic Review* (March).
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Democracy is not just about turning up once every three years to cast a vote. New Zealanders should and can be much more involved with setting policy and creating a robust modern democracy.

Or, at least, they can in theory. Unfortunately, civics knowledge in New Zealand is woeful.

Weighing both publicly available statistics and new survey data, this report unpacks the key pillars of a robust democracy. It asks what it takes to uphold those principles and how little Kiwis know about civics. It also offers some novel, and perhaps practical, suggestions to encourage people to re-engage with the process of government.

New Zealand is lucky its government institutions work so well without much public interaction.

Yet like water dripping on a rock, the erosion of basic democracy is inevitable over time if the New Zealand public loses interest in politics and setting policy.

If voters do not know much about its workings, and if politicians offer little more than platitudes, the country will never have the public discourse it needs to develop good policies and hold those who rule to account.

New Zealanders don't know how lucky they are, or how quickly that luck could disappear.

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