

Submitted by Daniel Kyba

The Committee

I have written this before and cc'd the chair and co-chairs, but I will reprint the core of my argument favouring the current system in case the other committee members have not been appraised. These are the stylised facts as presented in the economic literature and upon which I based my professional career: we create government to provide public goods and when evaluating differing systems of governance this must be done upon their respective capacities to provide public goods, combat predation in the form of rent seeking behaviour or corruption and restrain violence. Plurality systems tend to be the most effective and efficient in this respect.

I have been clear regarding my questioning of the current process mainly based upon two points: firstly you have never demonstrated that the limitations to the current system are so egregious that wholesale change is required and secondly you have never demonstrated how you are free from any question of conflict of interest as demonstrated under the Principal/Agent Problem. Last week I did watch through cpac your first two committee meetings - the latter with Minister Monsef. I saw nothing, especially on the part of the Minister, that softened my concern. Voters are the Principals and you as representatives are the Agents. Agents do not have the right to change the rules of their engagement. In the case of voters we are dealing with multiple principals with conflicting goals and desired outcomes. The way your committee and Liberal government policy is set, you are restricting your argument to some principals and excluding others. The only way out of this position of moral hazard and conflict of interest is to firstly present your argument as to why FPTP should be abandoned and if that argument is won, then present your best alternative. This can only be done by way of a referendum which combines both questions.

Due to the dominance of the Prime Minister and his appointed PMO over the elected MPs we currently have de facto a mixed member system with the resulting conflict between excessive partisan behaviour within the PMO, as dramatically demonstrated under the Harper government and less so to date under the Trudeau government, and those elected who, to one degree or the other, must appeal to the non-partisan swing vote to gain and keep their elected office. Since the latter, regardless of which serious political party they belong to, share in part a similar constituency - the swing voter, they have the flexibility to soften their policy positions. Parties with small, homogenised bases of support, or are dominated by ideological party partisans do not have that flexibility.

We also have a two and a half party system made up by two big-tent operations to provide public goods and alternate power, thereby preventing state capture and a third party to step in should either of the first two parties falter. The presence of the third party also prevents collusion on the part of the first two and their temptation to game the system for their mutual job security. This is what has occurred in the US and its closed two party system whose Democrat and Republican incumbents enjoy exceptionally high incumbency rates by means of bipartisan gerrymandering (ca 10 years ago when involved in a project, we estimated out of 600 seats in Congress, less than 100 were competitive; I don't think it has changed much since then). The system has frozen, frustration has built and the door opened for a crazy populist like Donald Trump to do his voodoo. There was a brief historical opportunity handed to the NDP when the Liberals imploded and the Conservatives were practicing tribal politics within a system hard on tribalism. Because the NDP could not divest itself of its own tribals (think Leap Manifesto) it lost its opportunity to take the place of the Liberals and become a true government-in-waiting.

To repeat my previous communications as well as some explanations:

First the basics: the famous Edmund Burke quotation (see below) in plain English means that democracy is not for fundamentalists or ideologues, that is people with high levels of cognitive dissonance. Such people can only engage in parallel conversations, will denigrate those who do not comply with their mindset and apply *force majeure* to have their own way. The literature is extensive and I would

recommend then work of psychologist Leon Festinger on the topic, specifically his study of a Chicago doomsday cult, or the response to Sokol's scam or hoax.

I revisited my university study of Edmund Burke when working in Bolivia where as part of my job I was meeting and interviewing members of that country's legislature which had a mixed system. Those representatives which came from single-member districts tended to be more polite, spoke in plain encompassing language and displayed highly developed empathic or bridge-building skills; the representatives chosen by way of party list were very different: they tended to be arrogant, self-entitled, used ideological or sub-group language and had limited empathic skills.

In this context the greatest advantage of FPTP over the other systems is in its selection process: only those candidates able to demonstrate and successfully use their empathic skills to reach out across the community and tribal divides get elected as they seek to build up their numbers and size of winning coalitions. In a country as diverse as Canada such skills are essential on the part of our elected representatives, otherwise our country will fall to the centrifugal forces, of geography, language, ideology and race.

It is from this basic self-selection of personality types on the part of different electoral systems that we move to the stylised facts as based upon the economic literature. These include:

Firstly plurality systems tend to enforce a high level of Clarity of Responsibility as demonstrated through the Powell & Whitten Index and exhibit lower levels of incumbency rates as compared to other systems. We have all seen the spectacle of an MP after redistribution seeking to leave a competitive seat in favour of a safe seat. What is now happening with the assumption that FPTP must be done away with is an institutional rather than individual change wherein all MPs are awarded greater job security. When working I took the general FPTP benchmark of a 75-80% return rate for incumbents and compared this to the respective national rate. The return rates would be higher of course with party lists being the highest - in the upper 95% range. Ireland and the US with their different systems also exhibit exceptionally high return rates. Knowing that the current US incumbency rates lies in the 90%+ range, it is no surprise that Donald Trump has had his successes, since he is feeding into the very valid concern that elections no longer really matter and that the so-called Washington insiders are tone-deaf to voters' legitimate concerns. Incumbency rates must be matched to Clarity of Responsibility.

Under the Powell & Whitten Index the British parliamentary system scores very highly. Be this as it may, dictators and absolute monarchs also score highly on such an index but they also enjoy high transaction costs and so cannot easily be disciplined or removed from office. FPTP conjoined with a parliamentary systems of government combines the two metrics - high scores of the index re Clarity of Responsibility and a low transaction cost as demonstrated by way of the lower incumbency rate when compared to other electoral systems. FPTP is fairly unique in that the party elite in the form of cabinet ministers, premiers and a PM can loose their seat in parliament. Canadian electoral history provides examples of this occurring. This promise of enhanced job security on their part is what makes 'electoral reform' so attractive and has created a so-called Baptist and Bootlegger Alliance. This is a metaphor for differing goals and temporary alliance. Baptists support prohibition for religious reasons; Bootleggers support prohibition for greater profit. Here some of the political elite desire change to enhance their job security; others desire change for ideological reasons.

By transaction cost, I am referring to the work of Laureate Oliver Williamson. A transaction cost is the cost incurred by an agent to negotiate, monitor and enforce a contract - ex post and ex ante. As transaction costs rise, the ability to enforce a contract (which is what an election is - a contract between the voters and their representative) diminishes and the scope for opportunistic behaviour on the part of the agent widens - hence rent seeking behaviour at the expense of public goods provision and in worst cases corruption. Since the future is unpredictable and since no voter can accurately be informed of all aspects of government policy or know a party platform, contracts between voter and representative must be necessity by incomplete and credible commitments be put into place. By credible commitment we mean

adequate compensation should the terms of the initial contract be changed. For government this means the ongoing provision of public goods in the face of constantly changing economic and political environments. In plain English, voters must trust their elected representatives to behave in an encompassing manner within an unpredictable environment rather than hold them to specific promises. While voters may have limited rational understanding (the term is bounded rationality), they are very good at assessing an individual's capacity to make credible commitments since this is what human beings do day by day as they interact with other human beings. Subsequent to this human aspect, credible commitments can only be credibly made if you have subsequently, the power to carry them out - hence the advantage of plurality/majoritarian systems which award power and the electoral campaigns within such systems.

Representatives in plurality systems tend to provide public goods rather than economic rents and vice-versa with non-plurality systems. This is based upon the empathic capacity of the representatives to see the national rather than their private interest; this is also based upon numbers: to be elected in a plurality system if the winning threshold lies below the one-third mark, requires being able to provide public goods which benefit everyone. There is simply too much diversity and too many people to bribe with economic rents which is what occurs under PR etc. which reduce the size of and homogenise the winning threshold. The use/abuse of big data tends to reinforce the identification and distribution of economic rents. FPTP acts as a brake upon big data.

The mathematical argument is an intellectual dead end. It is impossible to match popular vote to the number of representatives since Duverger's Law is more a guideline. All systems have their benefits and shortcomings. I have lifted the table below from Bergman. If anything it shows that majority systems are a credible option and to dismiss it out-of-hand on the bases of received wisdom and pejoratives takes us into the world of Sokol's hoax or the Eggers reference listed below. As referred to earlier, democracy is not for ideologues or as described by Premier Notley, the "tone deaf". It requires empathic skills on the part of both the electorate and its representatives. FPTP enhances and requires empathic behaviour and diminishes prejudicial or tribal behaviour. The former is required to provide public goods; the latter is the foundation for rents.

Table 9
Flaws of voting systems

Criteria	Voting system				
	Simple Majority	Approval	Preference	Borda	Condorcet
Condorcet winner is chosen	0	0	0	0	1
Monotonicity	1	1	0	1	1
Pareto optimality	1	0	1	1	1
Consistency	1	1	0	1	0
Independence	0	0	0	0	0
Invulnerability	1	1	0	1	0
Majority winner	1	0	1	0	1

aNumbers: 1, system satisfies the criterion; 0, system violates criterion.

bIndependence of irrelevant alternatives.

cInvulnerability to no-show paradox.

The so-called exaggerated majorities under plurality systems provide two benefits: firstly they provide the power to overcome special interests and govern in a national rather than limited interest. Secondly the

exaggerated majority exaggerates accountability since it can be very quickly transferred to another party. Hence we have a heightened awareness of accountability and consequences. The current Greek system faltered because it is based upon a system of proportional representation and providing the 50 seat dividend to the winning party simply empowered it to provide rents rather than public goods.

"... it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion, high respect; their business, unremitting attention. It is his duty to sacrifice his repose, his pleasures, his satisfactions, to theirs; and above all, ever, and in all cases, to prefer their interest to his own. But his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion." - Edmund Burke

To the committee: several points.

a) Should you choose to recommend doing away with the current plurality system, the question must be put to a referendum.

b) The Parliamentary system must be reasserted with the power of the PM and PMO reduced and that of MPs enhanced. Mr Chong's bill C-586 must be strengthened and made obligatory for parties to follow if they wish to receive public funding.

The overly generous tax benefits for political contributions should be removed and replaced with candidates receiving public funds based upon the number of votes collected during an election. The former rewards politicians for extremist rhetoric and promises of rents as they seek to 'heat up' their tribal supporters to donate money; the latter rewards politicians for reaching beyond their tribes, building up their vote count and in the long run provide public goods.

c) The dates and rules of leader and constituency candidate debates should be established under the Elections Act so we are spared the continual spectacle of parties trying to game the rules and formats of these debates in their own interest. What also happens too often at the constituency level are candidates who avoid participating in such debates if they believe they have an insurmountable lead in the polls.

d) You are considering the option of making voting compulsory subject to penalty. I have no opinion on this but if you choose to go down this road, recall the few if any times people have been prosecuted for not filling out a census form. There is little or no credible threat here. A better option would be to issue a receipt at the polling station which then could be submitted in the T-4 as a tax benefit.

e) Some of your members appear focused upon numbers. Informally voters under FPTP accept their second or third choices as election winners. If you are going to follow the numbers argument, you would be better off to set a minimum winning threshold ca 30 - 35%, since under FPTP the incentive on the part of representatives to provide public goods rather than rents begins to break down at this lower winning threshold. We see this problem in municipal politics characterised by a multiplicity of candidates coupled with low turnouts.

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