

NEWS RELEASE

Changing election rules could lead to more coalition governments and higher government spending and deficits

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For Immediate Release

VANCOUVER—If the federal government replaces Canada’s current voting system with Proportional Representation (PR), it is highly likely that Canada will be governed by coalitions rather than majority governments leading to higher levels of government spending and larger deficits, finds a new essay released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

Two of the five parties (NDP and Greens) on the government committee investigating electoral reform want to replace the current system with proportional representation (PR) and the governing Liberals are open to such a reform, which more closely matches vote counts with parliamentary seats.

“Changing the way we elect our political representatives will change more than just the way we elect our politicians. Depending on the reform, it could lead to marked increases in government spending and deficits,” said Jason Clemens, Fraser Institute executive vice-president and co-author of *Electoral Rules and Fiscal Policy Outcomes*.

PR electoral systems on average elect more parties to parliament. The higher number of parties in parliament means that it is more difficult to achieve a single-party, majority government. Moreover, it becomes increasingly difficult to achieve consensus on important policy decisions given the conflicting and narrow interests of various parties.

The paper notes, for instance, that between 2000 and 2015, 83 per cent of elections in industrialized countries with PR elections resulted in coalition governments. In other words, in more than 4 out of 5 elections, a coalition of parties was necessary to form a government. Coalitions were the result in only 15 per cent of elections in countries with electoral systems similar to Canada’s, which is referred to as a plurality/majoritarian system.

“Trading favours” and capitulation is imposed on the larger party(ies) by the smaller parties to form a coalition in PR countries that results in higher levels of government spending and larger deficits. For example, from 2000 to 2014, the average central government spending in countries with PR electoral systems was 29.2 per cent of the economy (GDP) compared to 23.5 per cent in countries like Canada that have a plurality/majoritarian election system.

And crucially, PR countries more often finance their higher government spending with deficits (borrowing) than other countries.

“At a time when spending and deficits are already on the rise across Canada, the fiscal consequences of electoral reform should not be taken lightly,” said Taylor Jackson, a senior policy analyst at the Fraser Institute and co-author of the essay.

This is the second of several essays (comprising a book) on electoral reform in Canada to be released over the next several months.

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