

New Zealand Labour Party reassures big business

A correspondent
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Labour Party leaders in New Zealand used their annual conference last weekend to reassure big business that there would be no change in economic policy direction if Labour took office after the next national elections. An early ballot appears increasingly likely as the present minority National Party government, an unstable coalition of minor parties and 'independent' MPs, faces internal dissension and broad unpopularity as recently introduced austerity measures start to bite.

The Labour Party is well ahead in all the most recent opinion polls, and based on these figures, would be in a position to govern in its own right without having to rely on support from its foreshadowed coalition partner, the Alliance, led by Jim Anderton, a former Labour Party president and MP.

The main conference speeches delivered by Labour leader Helen Clark and her deputy Michael Cullen were used to warn delegates that the Treasury's coffers were empty and that even the party's program of minimal social reforms would have to be completely revised.

Clark said a Labour government would only be able to make 'modest' spending increases. She said billions of dollars were needed to fix social problems caused by years of under-investment in public services, but added that 'attempts to raise those billions now would undoubtedly strangle the economy.' Clark and Cullen have been saying for weeks that one of their priorities would be to return the government budget to the black.

New Zealand has been hard hit by the economic crisis in the Asian region. The country is in recession after two quarters of negative growth. Unemployment is rising rapidly and those out of work are confronted with the legacy of 14 years of government cost-cutting both under Labour and National to public welfare, health, housing and education. In recent months, the National

Party has slashed hundreds of millions of dollars more from government expenditure.

Over the recent period, the Clark leadership has consciously moved to model the party on the so-called 'Third Way' politics of the Clinton and Blair governments. At the conference, Clark declared that Labour was the 'pragmatic' party, which wanted a fairer society. To achieve this, Labour would set out to work 'with business'.

Labour's close links with business were underlined by the presence of keynote speaker, Dryden Spring, a former corporate fund-raiser for the National Party, who has just resigned as chairman of the powerful NZ Dairy Board. He recently clashed with the government over its proposals to deregulate the primary producer boards, which are responsible for the overseas marketing of agricultural goods.

He told the conference that the time for 'ideological extremes' was over. 'Having the most open economy in the world is certainly better than having a closed economy, but in the long run it may deliver us neither economic advantage, nor the type of society we want,' he said. Spring represents layers of New Zealand business who are concerned over the impact of economic deregulation.

The Labour Party, which held office between 1984 and 1990, was responsible for opening up the New Zealand economy to international capital, privatising state-owned enterprises and slashing social services. These policies were accelerated under the National Party and have provoked widespread hostility among workers and sections of the middle class.

Clarke is acutely aware of the volatility of political sentiments. Several months prior to the 1996 elections, Labour's standing in the polls had slumped to an all-time low of just 15 percent and Clark's personal support

stood at just 4 percent. Her so-called 'middle way' is aimed deflecting the deep-seated anger by repackaging its big business policies while at the same time retaining their essential content.

Labour has promised to replace the National Party's Employment Contracts Act (ECA) that imposed a system of individual and collective contracts, outlawed most forms of industrial action and enabled employers to carry out substantial cutbacks to working conditions and real wages. Its industrial policy would be modelled on the Council of Trade Unions (CTU) document entitled the 'Workplace Relations Bill' which Clark praised as ending the 'excesses of the present' without returning to the 'excesses of the past'.

What Clark means is apparent from the document itself. The CTU policy would restore the trade union bureaucracy to a more central position in the industrial relations framework but retain much of the ECA's restrictions on industrial action by workers. Labour would continue the bans on wildcat strikes outside the control of the unions, strikes not immediately over contract negotiations, and industrial action by one group of workers in support of another.

Labour is promising a modest increase in the top personal tax rate for those who earn over \$60,000 from 33 cents to 39 cents in the dollar. However, no increases to the corporate taxes are on the agenda. Indeed, much of the proposed tax increase will be handed straight back to business through Labour's so-called 'business development' policy--a series of financial incentives for companies.

Labour will reverse very few of the huge cutbacks to social spending made since 1984. The conference endorsed five main policy pledges which, following the lead of New Labour during the British elections, will be put on a card the size of a credit card and posted to all voters. Its promises are:

- phasing in income related tests for public housing which is currently subject to market rentals
- restoring the aged pension to 65 percent of the average wage. The National government has recently cut the pension to 60 percent of the average wage.
- improving access to elective surgery
- establishing an 'industry policy' through business and technology hand-outs
- making tertiary education and training more

'affordable'.

Alliance leader Jim Anderton criticised the package as being 'bland and meaningless', saying that Labour was promoting an 'absolutely minimalist program'. But during the past 18 months, the Alliance has undertaken major revisions of many of its own policies, in particular on taxation and finance, in order to reach an accommodation with Labour.

There is no guarantee, however, that either Labour or the Alliance will implement even this 'absolutely minimalist program.' As their record demonstrates, both are willing to sacrifice their promises and the social needs of the working class to the exigencies of the market and the demands of big business.

Perhaps the most significant aspect of the Labour Party conference was the lack of any opposition among delegates to the proposals of the leadership. Party president Michael Hirschfeld warmly welcomed what he called the 'amazing unity' among the 500 delegates as they focused on 'preparing for government'. The absence of any debate--even the limited criticisms which erupted in the 1980s to the party's right-wing orientation--is a warning for New Zealand workers of what can be expected from a new Clark Labour government.

See Also:

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