

New Zealand coalition government in disarray

A correspondent
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New Zealand's minority National Party government fell further into disarray during December with the resignation from parliament of former Youth Affairs Minister, Deborah Morris, one of its key supporters. It now rests on a slender 61-59 majority.

Morris quit in response to a government decision to purchase a squadron of secondhand F16 jet fighter planes from the US Air Force. Large scale expenditure on defence items following wholesale government cuts to social programs including welfare has provoked considerable opposition. A further recommendation by Max Bradford, the Minister of Defence, to purchase a third frigate through the joint shipbuilding program with Australia was defeated.

Morris, formerly from the right-wing New Zealand First Party, claimed that she and others had been subjected to 'bullying' by Prime Minister Jenny Shipley over the issue. According to Morris, Shipley constantly warned those MPs supporting the government from outside the ruling party that they could be responsible for forcing an early election if they fail to toe the National Party line.

The Shipley government has been in a precarious position since its coalition with NZ First disintegrated acrimoniously in August. Morris was one of a number of NZ First MPs who left the party and continued to support the government. It is being kept in office by an unstable collection of politicians from the pro-big business ACT party, United's sole parliamentarian Peter Dunne, several so-called 'independents' and a grouping of former NZ First members who have now formed a new ethnically-based party called Mauri Pacific, led by the Minister of Maori Affairs Tau Henare.

Morris' resignation involves an element of farce, reflecting the highly volatile state of official politics. Under the rules of the country's new proportional

representation electoral system, resigning or retiring members of parliament who were elected from a party list must be replaced by the next ranking member on the list from the same party. Although Morris was nominally an 'independent' at the time of her resignation, she had entered parliament as a member of NZ First and will be replaced by NZ First politician Gilbert Myles.

After announcing her resignation, Morris released the tape of a telephone conversation with Myles in which he had told her that upon entering parliament as member of NZ First, he would immediately defect and again become a supporter of National Party government. Myles, a former National MP during 1991-94, is now in his fourth successive political party.

Following an investigation by NZ First officials, party leader Winston Peters said he had received an assurance from Myles that he would remain loyal to the party. He warned that if Myles failed to do so his NZ First colleagues would 'break his neck'. Nine NZ First parliamentarians have defected already over the last six months as its poll ratings have plummeted to around 2 percent.

Behind the instability of the Shipley government lies widespread hostility in the working class and sections of the middle class fueled by rising unemployment, declining living standards and savage government cutbacks to social services. Big business is calling for even harsher government austerity measures.

The media greeted the Christmas eve release of economic statistics showing a meagre growth figure of 0.7 percent for the September quarter with euphoric claims that New Zealand is now out of recession following two consecutive quarters of negative economic activity.

The economic forecasts, however, are bleak. Just the

day before, figures showed the current account deficit at \$NZ6.5 billion or 6.6 percent of GDP (Gross Domestic Product)--up from 6.4 percent in the June quarter. The New Zealand dollar is still at historically weak levels. Two years ago it stood at US70 cents, then fell to US58 cents a year ago and is now at US52 cents.

Earlier in December, Treasury officials revised its economic forecasts downwards. Government surpluses previously forecast for the next three years had suddenly 'evaporated'. The government deficits are now forecast to be \$52 million in the coming financial year, followed by a \$993 million deficit over the following two years.

Economic growth projections have been cut by 70 per cent and the economy expected to shrink by a further 0.9 percent in the year to June. Total growth over the next three years is expected to be only 3.1 percent. Official unemployment statistics is predicted to rise from the current level of 7.1 percent to 8.7 percent within 12 months.

Since the May budget, the government has already slashed the \$5 billion coalition spending package by \$750 million. Recently it announced the reduction of the aged pension from 65 percent to 60 percent of the average wage--a measure that will save an anticipated \$2.6 billion over the next 10 years.

Shipley responded to the Treasury's December forecasts by immediately announcing a further \$200 million reduction in expenditure on planned new initiatives. Healthcare is to be dropped from the list of eight government fiscal priorities. The government also announced that it would not raise the legal minimum wage beyond its current level of \$7 per hour for adults.

Even these measures were denounced by spokesmen for the Employers' Federation and the big business lobby group the Business Roundtable as not going far enough. The ACT party, on which Shipley depends in parliament, put forward its own 'alternative plan' including for a three percent cut in the top tax rate, cancellation of all unallocated government spending, and a renewed privatisation program to include Contact Energy, TVNZ and NZ Post.

Big business is increasingly looking to the opposition Labour Party, as an alternative to the increasingly beleaguered Shipley government, to implement its agenda.

See Also:

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[27 November 1998]



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