Election defeat predicted for ruling National Party in New Zealand

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Mid-way through the campaign for the November 27 elections in New Zealand, opinion polls are indicating that the ruling minority National Party government is likely to be dumped and replaced by a coalition of the main opposition parties, Labour and the Alliance.

After a long period from the beginning of the year during which only a few percentage points separated the two main parties, three polls released last week indicate a massive gap now opening up between Labour and National. Figures calculated daily by the University of Waikato Political Studies staff show that over the past ten days, a potential Labour/Alliance coalition has opened up a 16-point lead over National and its most likely partner, ACT (Association of Consumers and Tax payers).

The university's NZ Election Study shows Labour's support as having risen to 44.5 percent, while National's has slumped to 26.8 percent. While the difference between the two is greater than in most other polls, the Waikato group's figures were the most accurate at the last elections.

A second survey conducted by the television station TV3 early last week reflected the results of the Waikato study, with National falling to 28 percent support and Labour rising to 41 percent. Translated into votes, the figures would give a Labour/Alliance government an outright majority, without having to rely on any of the smaller parties, such as the Greens or NZ First, for support.

The minor parties, which have provided crucial support in keeping the Nationals in office over the past eighteen months, are also languishing. NZ First, which gained over 13 percent of the vote in the last election in 1996, on the basis of "opposing" National's policies, only to enter into government with them, has seen its support drop to single figures. Mauri Pacific, an ethnically-based party formed mid-term by a group of defectors from NZ First, is currently below the 5 percent thresh-hold required to get any list seats in parliament, while party leader, Maori Affairs Minister Tau Henare, is predicted to lose his seat. ACT, which gained just over the 5 percent required in 1996, has raised its support to over 10 percent with the assistance of big business backing.

While Labour has come in for some criticism from employer groups, particularly the Employers' Federation, over its plans to replace the Employment Contracts Act, sections of business and the media are now moving to endorse a Labour government. The Wellington-based *Evening Post* ran an editorial on Saturday praising Labour leader Helen Clark as an "intelligent, personable woman with a fairly firm grip on the real world". It claimed that there was little in Labour's "potential front bench line-up to give voters the jitters".

There remains some concern in ruling circles about the potential influence of the Alliance within a Labour-led coalition. The same editorial drew attention to the "economic damage" that will be "wreaked" if the Alliance's mild social reform policies gained any foothold after the election, and rebuked Clark for promising to give Alliance leader Jim Anderton, a businessman and factory owner, a role in economic management. The remaining two weeks of the election campaign are likely to see concerted attempts to keep the Alliance share of the vote to a minimum.

The swing against the government comes after nine years of deepening attacks on the social position of ordinary people, and two recent years of sharply deteriorating economic performance. Three of the last five quarters have seen the country officially in recession, with negative growth statistics and ballooning overseas indebtedness.

Since assuming office in 1991, the Nationals have extended the program of market "reforms", first introduced by Labour in the period 1984-90. The introduction of the Employment Contracts Act, social benefit cuts and continued asset sales, along with the extension of user charges in health and education, have entrenched poverty and inequality on an unprecedented scale.

A recent report released by the official government statistician, Statistics New Zealand, reveals the widening gap between rich and poor. The *New Zealand Now: Incomes* report shows that the average real disposable income of the top 10 percent of households rose from $62,000 in 1982,

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before the reforms began, to $82,000 in 1996. This represents a rise in real income of about a third. In contrast, the income of the bottom 10 percent of households stayed steady at $11,000, while all those in the middle lost ground by 7 to 9 percent.

Changes in wages and salaries were the greatest reason for widening inequality, the survey found. This social polarisation has also increased with the rise in unemployment. Other indices indicate that the position of working people is becoming increasingly intractable. Recent research, for example, has highlighted rising numbers of working class youth dropping out of tertiary education, and the rise in diseases of poverty among the young.

Yet, the election campaign has been characterised by the complete absence of the main social issues facing the mass of people in the agenda of any of the parties. The leaders' debates have been notable for the collegial, almost friendly, atmosphere between the main party spokesmen and the very narrow range of differences between their policy platforms.

At the outset, the incumbent Prime Minister, Jenny Shipley, and the main media mouthpieces determined that the defining election issue would be taxation. In itself, this was designed to establish the ground of political discussion firmly within the boundaries of the financial interests of businesses and the wealthy, and not the social interests of ordinary people.

The taxation policies of all the parties are carefully positioned to meet the requirements of big business for lower taxation and reduced public expenditure. The ruling National government has promised to go ahead with its foreshadowed tax cuts, and to introduce a lower tax regime on businesses. The ACT party is promising a flat tax structure of 20 cents in the dollar, a massive reduction on the current level of 33 cents. Such a proposal is based on ACT's policies of continued privatisation of health and education, and stepped up attacks on welfare.

Labour and the Alliance, who present themselves as "centre-left", have significantly moderated their tax policies since the 1996 election. Labour will retain the current tax structure, with the sole change being a modest increase to 39 cents in the dollar for those on incomes over $60,000. There will be no new business taxes.

The Alliance, which in 1996 campaigned on a sharply progressive tax policy to fund improvements in social spending, has now softened its tax proposals to fit in with the Labour Party's, and has scaled back its social program to suit. The only additional tax the Alliance is proposing above Labour's is the addition of two small tax steps at $75,000 and $100,000 of income. Both Labour and the Alliance are campaigning on the promise that these tax figures will mean that 95 percent of the population will pay no extra tax. Alliance leader Jim Anderton has gone to some pains to argue that the Alliance's top rate, 47 cents in the dollar on incomes of $100,000, is no more than the top personal tax rate which prevails under the Howard conservative government in Australia.

Further, Labour and the Alliance have both announced industry assistance policies, which will mean returning much of the increased tax take to businesses in the form of handouts. While the Alliance is running on policies to use extra taxes to fund a $20 per week rise in benefits and eliminate fees for tertiary study, Clark has already ruled out significant increases in social spending. In an interview in yesterday's *Sunday Star-Times* newspaper, she claims that people "don't want to be told that everything can be quickly fixed", and criticises the Alliance for having "promised everything" to university students protesting against the current round of increases in study fees.

The growing comfort of the ruling class with a possible Labour victory is based on clear signals from its leaders, particularly Clark and shadow Finance Minister Cullen, that any Labour government will follow in the mould of New Labour in Britain. Clark has previously declared herself to be a disciple of Blair's "Third Way", while the Labour campaign is modelled specifically on strategies adopted from the last British elections, including its emphasis on the presidential leadership style.

Labour's attitude to the working class is most clearly shown in its industrial policies. Labour's promise to repeal the Employment Contracts Act is directed towards bringing the discredited union bureaucracy back into the picture in order to suppress the future struggles of workers. Labour will continue the ECA's draconian restrictions on the right to strike and legitimisation of individual contractsâ€”under current legislation all strikes are outlawed during the term of a contract except on health and safety grounds. Labour will, however, "encourage" collective bargaining by giving unions the right to initiate claims for multi-employer contracts. A ban on strikes and lockouts for forty days at the beginning of negotiations will be put in place. Labour claims that it will encourage "good faith" bargaining by both unions and employers.

In return for Labour's promise of legislative support for its continued existence, the union bureaucracy, which now covers less than 20 percent of the workforce, is well behind the Labour and Alliance campaigns.

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