

# Big business backing Labour to win New Zealand election

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Campaigning for parliamentary elections in New Zealand has now begun, with all parties vying to offer favourable policies for business, but promising nothing to address the deepening divide between rich and poor. The poll, originally due in November, was brought forward to July 27 after calls by business leaders for “certainty” and “stability”. This is only the third time in the country’s history that elections have been called early—the previous two occasions being in 1951 and 1984, both in the midst of political upheavals.

Labour Prime Minister Helen Clark announced the election late in June, citing the growing difficulties caused by a split in her coalition partner, the Alliance. Deputy Prime Minister Jim Anderton and a majority of Alliance MPs had increasingly come under fire within the party over their support for the government’s endorsement of the Bush administration’s “global war on terrorism” and its commitment of SAS troops to Afghanistan. The differences resulted in a factional split in April.

Both Alliance factions gave assurances of support to the government but the situation in parliament became farcical. Anderton, a key ally of Clark, was formally expelled from the Alliance after announcing his intention to set up a new party to contest the elections. Anderton, however, refused to go, claiming he still had the confidence of the Alliance caucus, and continued to claim the title of “Alliance leader” in the parliament.

Newly installed party leader Laila Harre was left in limbo, either unable or unwilling to enforce her party’s constitution. The whole affair brought official politics into further disrepute, as the cynical manoeuvring was clearly intended to avoid triggering so-called “party hopping” legislation—the Electoral Integrity Act—under which MPs changing parties during any term of parliament can be forced to resign.

Labour also faced a challenge from the Green Party, which, while not formally part of the ruling coalition, had pledged to support the government on budget supply and no-confidence motions. The Greens recently threatened to withdraw support for any future Labour government over its policies on genetically modified food. Following a Royal Commission into genetic engineering, Labour last year agreed to allow field trials after October 2003 following a period of laboratory experiments. The Greens want an extended moratorium on any field trials.

The Greens’ stance reinforced growing impatience in ruling circles over the system of proportional representation, which was first introduced in 1996 and led to a proliferation of minor parties. Media commentaries declared that such “ransom notes” on single issues threatened to produce unstable, short-term governments, as in Italy. Under the current system, a party can secure seats in parliament either

by winning an individual electorate, or by gaining 5 percent or more of the popular vote.

The business establishment became increasingly restive. The *Dominion* commented that the disintegration of the Alliance was turning parliament into a “fiasco” and threatening to derail Labour’s legislative program. Wellington Chamber of Commerce chief executive Phil Lewin declared that recent “political shenanigans” risked creating a “mood of instability”. His Auckland counterpart warned: “It is a fact of business life that when political uncertainty creeps into the market, businesses start putting off decisions—people who might be employed are left waiting, investment calls are delayed, decisions on market visits are postponed.”

Once the election was called, big business quickly threw its weight behind Labour as the best prospect for “stable” government. Corporate leaders had already endorsed the budget brought down last month by Treasurer Michael Cullen. Its \$NZ2.3 billion surplus indicated that Labour was prepared to continue to cut state sector spending in line with business demands. One of Labour’s champions is Bill Day, a former “Entrepreneur of the Year” and millionaire vice-chairman of the Business Roundtable, the main mouthpiece for the country’s major corporations.

The media has also endorsed Labour, the only question being whether it can win office outright without the support of the minor parties, in particular the Greens. In a poll released during the first week of the campaign, Labour’s support surged to 52 percent, while the main opposition party, the conservative National Party, slumped to an historic low of 25 percent. If Labour maintains its lead, the party will have a comfortable majority of about six seats in the new parliament.

Most media commentators described the opening to the campaign as “dull” and “boring”. In part, that is due to the lack of any fundamental differences between the parties. The commentary also reflects the determination in business circles that nothing should upset an outcome that is in their interests. Thus the coverage has centred on the profiles and personalities of party leaders to the exclusion of any discussion of issues, particularly those affecting working people, or the record of the Labour-Alliance government.

Clark came to power in 1999 by exploiting the popular opposition to the pro-market policies of previous governments—Labour and National. But apart from a few minor concessions, her term in office has been marked by close collaboration with business. The government replaced the previous industrial legislation with the largely union-designed Employment Relations Act, modified harsh policies on state housing rentals and removed accident compensation from the private sector.

But a campaign by business lobby groups pulled the government into line less than six months into its term of office. Its 2001 budget reduced state spending to the lowest level as a percentage of GDP since 1977. In particular, however, it was the government's quick and unquestioning support for the US administration following September 11 that consolidated its backing in New Zealand ruling circles. Clark and Anderton were among the first to offer troops to the US "war on terrorism" and to introduce harsh new anti-democratic measures at home.

The editorial columns noted with approval Clark's visit to the White House prior to Christmas—the first by a New Zealand Labour leader in some 25 years. Clark left Washington with a ringing endorsement by US Secretary of State Colin Powell, who declared the two administrations to be "very, very, very, close friends". The television clip of Powell's farewell now occupies pride of place in Labour's election advertising.

The traditional right-wing parties are languishing. Labour not only has the backing of major sections of big business but its policies are virtually identical to those of the conservative parties. Each is attempting to appeal to some form of rightwing populism, without a great deal of success at this stage.

The main opposition party, National, induced Don Brash, the Reserve Bank governor known for his anti-welfare views, to step down from his post and join its ranks. The party is attempting to appeal to sections of the middle class by promising tax cuts and a crackdown on crime. But it has failed to overcome the hostility produced by its own record of savage cutbacks to state spending during the 1990s.

The Association of Consumers and Taxpayers (ACT), which advocates the most extreme pro-market restructuring, is campaigning on the single issue of "law-and-order". It opened its campaign outside the walls of an Auckland prison demanding "zero tolerance for crime". The NZ First Party is running a right-wing anti-immigrant campaign, while United Future, with one seat in parliament, claims to be promoting "pro-family" policies.

On the so-called left, the Alliance has suffered a collapse in support since entering government as Labour's partner in 1999. In doing so, the party dumped its promises to provide free education and health care and to reverse the economic restructuring of the previous decade and a half. It has split into two hostile camps, neither of which is likely to have much electoral success.

Anderton has launched his new party—Jim Anderton's Progressive Coalition—which, as the name implies, is centred on its leader. He describes himself as the co-leader of the "most successful government in a generation", who provided "constructive criticism" to the Labour majority. Anderton is almost certain to win his seat of Wigram, largely based on his longstanding personal following, and may bring one or two MPs into parliament with him.

The remains of the Alliance, which is barely registering in the polls, is campaigning as "the only choice left". Like Anderton, Alliance leader Laila Harre has no fundamental difference with Labour. She has declared that the Alliance kept Labour "honest" and has pledged to re-enter a coalition with Labour—if the party manages to win any seats. Neither Anderton nor Harre has had anything to say about the Alliance's actual record of reversing its policies in office.

The Greens are the main beneficiaries of the Alliance's collapse. It is the only minor party that appears likely to secure the 5 percent needed to win list seats. Its growing support is of some concern to the political establishment. Both Labour and National have branded the

Greens as a serious threat to "stable government". Labour leaders are now campaigning for support from conservative National supporters, on the basis that a vote for Labour is the best way of preventing the Greens being part of the next government.

Significantly, while the Greens have gained from their muted criticisms of Labour's support for the Afghan war and its rightwing policies at home, the party is not campaigning on any of these issues. Its stance underscores its function as a convenient political safety valve for the mounting alienation and hostility of broad layers of the working people to the pro-business agenda of Labour and National.

The Greens' campaign is focused almost exclusively on opposition to genetically modified food, based on public concern over its possible implications and the lack of adequate safeguards. In recent months, several large demonstrations have taken place against genetic engineering trials, drawing support mainly from sections of the middle class and the young, encouraged by several well-known pop stars and television celebrities.

The Greens did not threaten to withhold support from Labour over its backing for the US invasion of Afghanistan or the harsh measures contained in the last budget. But the party has now declared genetic engineering to be a "bottom line" issue.

The high levels of support for Labour in the polls are largely illusory. There is considerable hostility to all the major parties for which there is no political outlet. No party represents the interests of the working class. Many voters—as many as one in five according to some reports—remain undecided. No party has a firm base of support. It is worth recalling that in the lead up to the 1996 elections, just over six years ago, Labour was polling as low as 15 percent, and only managed to scrape together 28 percent by polling day.

While polls now show over 50 percent support for Labour, a number of major strikes have taken place or been threatened in the midst of the campaign. An unresolved 16-month teachers' dispute is set to sharpen when schools return from holiday next week. A strike by 4,000 nurses in Auckland has been announced and Air New Zealand pilots, customs officers and Auckland hospital orderlies plan strikes before the elections.

All of this points to the fact that while the election campaign is being described as "boring," there is considerable anger and frustration beneath the surface over the complete disregard of any of the parties for the concerns and needs of ordinary working people.



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