

# New Zealand election produces an unstable minority Labour government

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Results of parliamentary elections held in New Zealand on July 27 give a sharp indication of deepening social tensions and political instability after two decades of pro-market assaults on jobs and living standards by successive governments. After a three-year term in office, the Labour government of Prime Minister Helen Clark was returned, but failed in its bid to secure sufficient seats to govern in its own right.

The results indicate a growing hostility to the political establishment as a whole. In the first place, the combined vote for Labour and the other traditional ruling party, the conservative National Party, fell to just 62 percent, with the other 38 percent going to an array of smaller parties. The National Party was one of the most spectacular casualties, with their vote reduced to 21 percent, the lowest in their 100-year history.

Secondly, the election was marked by a record non-turnout by enrolled voters of 22 percent—mainly in working class areas—several percentage points higher than in 1999. Voter registration is compulsory, but voting is not. In 1999 great concern was expressed in official circles when registration figures were very low, only to recover at the last minute amid a significant turnout against the then National government and its free market policies. In the latest election, an even higher proportion of ordinary working people did not vote at all, indicating a deepening alienation.

Another sharp indicator of the disaffection is that Alliance, Labour's loyal junior coalition partner throughout its first term of government, has been virtually obliterated. After Alliance split into two factions in April, its leader Jim Anderton formed a new party, the Progressive Coalition, which gained just 1.8 percent of the vote. It retained two seats, largely on the basis of Anderton's longstanding personal following in the electorate of Wigram. The remainder of the Alliance, with only 1.2 percent of the popular vote, has disappeared from parliament. Recently installed leader Laila Harre failed in her bid to win the west Auckland seat of Waitakere.

Labour, which won 52 seats in the 120-seat parliament, is now likely to enter its next term as a minority government in coalition with Progressive Coalition's two MPs. This leaves the new government seven seats short of a majority, forcing Labour to negotiate confidence and supply with the Greens and United Future, a new formation with close connections to right-wing religious and "law and order" groups.

Several right-wing populist parties were the immediate beneficiaries of the election. Based on the mixed member proportional (MMP) electoral system, New Zealand First took 13 seats with 10.6 percent of the vote, Association of Consumers and Taxpayers (ACT) held 9 seats with 7 percent, while United Future obtained 9 seats with 7 percent. On the so-called left, the Greens polled 6.5 percent to take 8 seats.

Clark called the election four months early after demands by business leaders for "stability" when the Alliance split apart over a government decision to send a contingent of elite SAS troops to the US led war in Afghanistan. With consistent strong showings in the polls and clear business approval of its recent budget, Labour declared from the outset that the best opportunity for firm government was for it to be returned with sufficient seats to govern without having to rely on any of the minor parties.

However, in the course of the month-long campaign, Labour's opinion poll support slid from a high of 54 percent to 41 percent. Clark put a brave face on the result, arguing that Labour will have three more seats than before in the new parliament and emphasising the historical rarity for Labour to occupy office for more than a single term. In reality, the outcome represents not only a defeat for its own election strategy, but one that the business interests which backed Labour's re-election have already declared they are unhappy with.

Under the headline, "Labour yes—MMP no," the *Dominion Post* quoted business leaders condemning the result as creating even more "uncertainty". AMP investment director Catherine Savage said: "The problem is you have got a minority government. The way the votes are weighted, it's not going to be one clear party line for issues. It's going to be voted issue by issue and that actually creates uncertainty". The CEO of the NZ stock exchange, Mark Weldon, declared: "The fact that we were pretty close to a no-outcome with no one really having any ability to govern is damning on the political system".

Adding to the air of uncertainty is the fact that Labour will need to continue relying on the Greens, as it has done over the past three years. While the Greens have so far behaved as a compliant ally, and have promised to support Labour into the new term, they have signalled the withdrawal of parliamentary confidence if Labour proceeds with commercial development of genetically modified foods after October 2003.

Clark has been forced into three-way negotiations with the Greens and United Future in an attempt to shore up support to form a government. United Future had only one MP in the last parliament, leader Peter Dunne, a former Labour MP. His party's new and, as far as the media were concerned, unexpected surge in support came from its calculated positioning. It presented itself to mainly middle class voters as a "moderate" and "common sense" alternative to Labour and National, while claiming that it could work with either to form a government.

The other main election winner was the right-wing NZ First Party, led by former National Party cabinet minister and Finance Minister Winston Peters. In 1999, after serving as a coalition partner in the last National government, Peters only managed to retain his own seat of

Tauranga by 65 votes while most of his MPs lost their seats. This year, NZ First obtained the third highest vote behind Labour and National, after a campaign based on toughened “law and order” measures, whipping up anti-immigrant sentiment and promising to end financial settlements to Maori tribes for past land confiscations.

Both NZ First and United Future primarily gained at the expense of the Nationals. National was the main party of the business elite throughout the post-war period, but lost nearly a third of its caucus in this election and saw a number of prominent newly-promoted figures, such as former president Sue Wood and Auckland school principal Allan Peachey, fail. Former Reserve Bank governor Don Brash was placed high enough on the party list to survive and enter parliament as one of the few new National MPs.

Some of National’s support base shifted to Labour, whose pro-business agenda has provided it with a new constituency among more affluent voters. Under the MMP system, each voter casts two votes, one for the constituency MP and one for the party list. In 17 of the 21 seats won by National candidates, a majority of the party votes went to Labour, some by large margins. This indicates a turn to Labour in traditional National strongholds, including such “blue ribbon” seats as Elam in Christchurch.

Having joined or propped up the Labor government since 1999, none of the “left” parties addressed the major social issues faced by working people—unemployment, economic insecurity, declining social services. For much of the campaign, both the Alliance and the Greens went to inordinate lengths to reinforce how loyal they had been to Labour in government, contributing to its so-called “success”.

As a result, the Alliance and its component Maori grouping, Mana Motuhake, are now out of parliament and not likely to survive. In the mid-1990s, the Alliance boasted levels of support as high as 18 percent, based on its promises to oppose the privatisation agenda promoted by both Labour and National. The Greens, who campaigned on the single issue of opposition to genetic modification, ended up with just 6.5 percent of the vote, having at one stage polled over 11 percent and looking likely to become the dominant minor party.

In the absence of any progressive alternative, the rightwing parties were able to exploit the situation on the basis of their populist rhetoric. Taken together the votes for NZ First, ACT and United Future totalled 24 percent, exceeding that of National. NZ First is almost back to its position of 1996, when it gained 13 percent of the vote. Then, it attracted support among Maori voters who had been the most severely affected by long-term unemployment and attacks on welfare. It won all the Maori seats, traditionally held by Labour, in what was considered an historic landslide.

In 1999 the party was decimated as a result of its decision to enter into a coalition with National. In government, Peters took the post of treasurer, thereby assuming responsibility for imposing the deepening attacks on the working class, in particular the Maori and Pacific Islanders who make up its most oppressed sections. As NZ First became increasingly unpopular during 1998, most of the Maori MPs defected, earning the derisory tag of “waka (canoe) jumpers”.

In this election, NZ First and United Future appeared to be the only ones addressing the social questions, albeit in a distorted way. Peters highlighted issues of social disintegration. Behind the slogan: “Can we fix it? Yes we can!” he scapegoated immigrants for unemployment, Auckland’s infrastructure failures, rising house prices and inflation.

Dunne claimed to represent the interests of “the family”, promising tax changes purportedly to “ease the burden” on working families.

United Future is not so much a party as a collection of individuals. Dunne’s record since splitting with Labour in the late 1980s has been to consistently support the conservatives in parliament. In its most recent form, the party resulted from a merger between Dunne’s own United Party and Future NZ, a right-wing Christian party. His new deputy has declared himself to be anti-abortion, while another of his MPs is a member of the “Sensible Sentencing” group, which has been campaigning for tougher jail terms.

Speaking on behalf of the union bureaucracy, the Council of Trade Unions (CTU) heralded the return of Labour as “a watershed in sending the New Right policies of the last decade into political oblivion”. According to the CTU, the result gives Labour “a strong mandate for the continuation of the comprehensive economic and social policy agenda” of the past two years.

This is totally false. Labour came to power in 1999 by exploiting the opposition to the Nationals through limited promises to boost public spending and reverse some of the previous economic restructuring measures. In office, Labour continued to implement the economic restructuring policies of the “New Right”, as it had done in the 1980s, with the backing of the CTU, the Alliance and the Greens, and in doing so has opened the door for rightwing populist outfits such as NZ First.

With an economic downturn already underway, Labour and whatever parties it relies on for support, are preparing the way for stepped-up assaults on jobs, living standards and basic democratic rights. The election has revealed a growing alienation in the working class from all of the established political structures and hostility to the impact of the big business agenda of economic restructuring. To fight for its interests, however, the working class requires an alternative party based on a socialist perspective—to unite workers, in New Zealand and internationally, against the profit system that benefits the wealthy few at the expense of the vast majority.



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