

New Zealand's Labour-led government loses parliamentary majority

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6 March 2007

New Zealand's coalition government last month lost its outright majority in parliament following the resignation from the Labour Party of one of its MPs. Former Associate Minister of Immigration Taito Philip Field had been stood down from his duties by Prime Minister Helen Clark while facing a police investigation into allegations that he attempted to improperly influence immigration applications. He resigned rather than face expulsion proceedings after he told a television interviewer he would consider standing against Labour at the next election.

At present, Field remains in parliament as an independent MP. His defection leaves the government—a coalition between Labour and three minor parties: NZ First, United Future and the Progressives—commanding only 60 votes in the 121-seat parliament. With more than 18 months to the next election, Labour's hold on office is now considerably more precarious. Field is threatening to resign his seat, forcing a by-election in his South Auckland electorate of Mangere, and to re-contest it against Labour.

To shore up its position, Labour has come to an agreement with the Greens to abstain on votes of confidence and supply. The arrangement is likely to generate tensions within the coalition, as any increase in the influence of the Greens will provoke hostility from NZ First and United Future. Both parties have declared they could never work with the Greens because of their economic and environmental policies. Moreover, Labour will now have to separately negotiate support for every piece of legislation. After initially offering continued support to Labour in parliament, Field says he now expects to be “consulted” by the government, and will consider all legislation on a “case by case” basis.

Both Labour and the main opposition National Party have been embroiled in a series of destabilising scandals since the 2005 general election, reflecting dissatisfaction in ruling circles with both parties. Sections of the corporate elite consider that the market “reform” agenda has stalled. While Labour has signalled a reduction in the corporate tax rate, it has not gone far enough as far as business is concerned. Efforts have already been made to fashion the National Party into a more effective alternative.

Twelve months after he narrowly failed to oust Labour at the 2005 election, National Party leader Don Brash was forced to resign over revelations that he had lied about his connections with the Christian fundamentalist Exclusive Brethren religious sect. His replacement, John Key, led National's election strategy on tax cuts and was virtually pre-selected as Brash's replacement by the media. He is a political novice with a background as a “self-made” multi-millionaire and currency trader—credentials deemed eminently suitable to prepare him to carry forward the pro-market agenda.

Labour has also faced scandals, the most significant being accusations that it fraudulently overspent its election budget by \$800,000 and the Field affair. Field, who is of Samoan background, was initially accused of helping a Thai plasterer, who worked on his private house in Samoa, to obtain entry to New Zealand. He was also criticised for having bought a house from a family who sought his help as an MP, only to sell it a short time later for a far higher price.

Clark referred the immigration matters to a special inquiry. After a nine-month investigation, Field was cleared of any conflict of interest as a minister. But questions were raised about his political judgment, with suggestions that he received favours for helping “overstayers” obtain work permits. Clark initially

defended Field, saying he had been punished by losing his ministerial responsibilities.

However, the National Party made fresh allegations that Field or his wife had misled either the inquiry or the Samoan government. Labour stood Field down while the police investigated. Speaking from Samoa, the Thai worker claimed Field had not paid him for work done on the house, and was promptly deported with his family back to Thailand.

In the wake of police raids on Field's offices in parliament and Mangere, Clark signalled that the beleaguered MP no longer had the support of the party. She declared that while legally he was innocent until proven guilty, his actions were at least "unethical and immoral" and that he must "consider his future". The Engineering, Printing and Manufacturing Union also publicly criticised Field and begun organising the selection of another candidate for his seat.

Field has steadfastly maintained his innocence. Obviously frustrated over the protracted and unresolved scandal, he threatened to stand against Labour at the next election. Having forced Field to resign from the party, Labour is obviously seeking an excuse for a by-election to replace him. Labour Party president Mike Williams has indicated that preparations have already been made, declaring Labour does not "fear a by-election in Mangere".

Labour, however, faces considerable popular hostility. It was elected in 1999 by appealing to a groundswell of opposition to the National Party government's onslaught on jobs and living standards. Once in office, Clark attempted to implement the demands of business, while deflecting public opposition through the enactment of minor "progressive" measures. While the tactic worked, Labour became the favoured party of big business. In the 2002 elections, the National Party was reduced to a rump with its vote falling to just 21 percent—the worst result in its 100-year history.

The election results also revealed growing disenchantment, with increasing levels of voter abstention and a turn to minor parties. Labour presided over a series of record budget surpluses, achieved by cutting spending on public services to among the lowest levels among the OECD countries. At the same time, windfall gains on the share market saw the rich increase their net worth at a greater rate than during the

previous decade under the Nationals.

Social inequality has continued to grow. An OECD report "Taxing Wages" released last week showed New Zealand workers are paid in the bottom third of the developed countries. The average gross wage earnings of a single worker in New Zealand was 11.6 percent below the average for the 30-nation group. Differences in taxation reduced the gap, but the average net wage in New Zealand last year was only 76.4 percent that in neighbouring Australia.

A resurgence in the Nationals' vote at the 2005 election—with a campaign offering tax cuts for the better off—expressed a deep-seated resentment against Labour, rather than positive support for its conservative rival. Far from seeking to reverse its previous regressive policies, Labour offered their own reductions to the corporate tax rate. As the Field affair and other scandals make its position more precarious, one can predict that the Clark government will be listening even more closely to the demands of the business elite.



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