

New Zealand government prepares deeper austerity measures

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Following last month's New Zealand general election, the conservative National Party has resumed office after signing confidence and supply agreements with three minor right-wing allies. Once special votes were counted, National had secured 47 percent of votes, giving it 59 seats in the 121-seat parliament. Its coalition agreements are with ACT, United Future and the Maori Party.

The line-up is similar to the previous government, which carried through a series of harsh measures, including job cuts, raising the goods and services tax (GST), and attacking working conditions and welfare. Tax cuts for the wealthy and billion-dollar rescue packages for investors in failed finance companies have entrenched the country's status as one of the most unequal among the industrial nations.

The coalition agreements make clear that the incoming administration is committed to making deep inroads into the living standards of working people. This is in line with the demands of the international ratings agencies, which downgraded the country's credit rating on the eve of the election to signal concerns over high external debt levels.

The first of the agreements, signed by Prime Minister John Key with the big business party ACT, set out policies that were kept under wraps throughout the campaign. These include: legislation setting government spending limits, the establishment of US-style Charter schools, "welfare reform" involving the contracting out of services, and the further privatisation of accident compensation. Key brushed aside widespread criticism that the government had no electoral mandate for the proposals, claiming they were

simply the product of post-election negotiations.

The National-ACT deal is a warning of the undemocratic methods that will be used to impose the coming austerity measures. ACT is a widely despised party that almost collapsed earlier this year amid a sordid leadership brawl in which former Reserve Bank governor Don Brash deposed Rodney Hide as party head. It was only at Key's urging that ACT gained a parliamentary seat with the support of National Party voters.

John Banks, ACT's sole surviving MP, has been given four ministerial portfolios, including Associate Minister of Education. He will have responsibility for driving through the establishment of Charter schools. These institutions receive public funds but will be run by private operators as profit-making concerns in some of the country's most deprived working class areas.

The Maori Party signed on with National again, despite being punished by voters in Maori seats for supporting the previous government's anti-working class measures. The Maori Party represents a layer of tribal leaders and business entrepreneurs who have benefited from the lucrative land claims process. It lost two of its five seats, one to Labour and one to the breakaway Mana Party led by former Maori Party MP Hone Harawira, who now postures as pro-poor.

The party's agreement with National will extend its "Whanau Ora" welfare program, which gives Maori business agencies and community groups a major role in administering and supervising welfare payments. The program amounts to a severe crackdown on the rights and income of some of the most oppressed layers

of the working class.

In negotiations, the Maori Party was given two concessions that allowed it to claim some independence from National. A ministerial committee on poverty will be established, but chaired by Finance Minister Bill English, who will undoubtedly use it to further his austerity agenda. The Maori Party will be permitted to vote against National's deeply unpopular plan to sell stakes in three power companies and Air New Zealand. Its votes will not block the legislation, which is assured of passage with the support of ACT and National's other ally, United Future MP Peter Dunne.

Dunne also owes his place in parliament to horse-trading with National in his electorate. During the election, Dunne claimed to oppose the asset sales "in principle" but has since declared that he will support the measure as a majority of shares will remain in government hands. While United Future commands a paltry 0.6 percent of the vote, Dunne retains his post as Revenue Minister—one of 28 posts in a bloated ministry line-up.

The opposition Labour Party has no fundamental opposition to the government's measures, having been responsible for opening up the pro-market assault in the 1980s that has already produced severe social inequality. During the election, Labour proposed its own means for cutting government expenditure—to push back the retirement age to 67 years. Many Labour supporters voted for third parties as a protest or did not vote at all, sending support for the party to an 85-year low.

Labour completed its leadership change last week after Phil Goff resigned in the wake of the election. The new leader is a single-term parliamentarian, David Shearer, who defeated long-serving finance spokesman David Cunliffe in a caucus ballot. Both major parties now have leaders who have benefited by posturing, in the words of one commentator, as "anti-politicians," coming from outside "what parliament has come to represent."

Shearer was the preferred candidate of the various pseudo-left organisations in New Zealand. His long

record of working for UN aid organisations supposedly made him a more humane "alternative" to Key, who was previously a currency trader for Merrill Lynch. Unite Union leader Matt McCarten wrote in his column in the *Herald on Sunday*: "Both men spent 20 years overseas making a difference: John Key working to make \$50 million for himself, while David Shearer was working to save 50 million lives from war, poverty and famine."

In reality, Shearer and Key are two sides of the same pro-business coin. Shearer's value to the ruling elite is his experience on the "front line" of New Zealand's foreign policy, which has long been carried out under the aegis of UN operations and cloaked in "humanitarianism" and "peacekeeping." His overseas placements have put him alongside military deployments in Africa and the Middle East, most recently as a UN Special Representative in Iraq.

Shearer said his aim was to give Labour a "fresh face" and rid it of "old ideas." What this means was spelled out by the *Dominion Post*, which declared it was time to repudiate "stupid policies"—such as an election promise to remove the 15 percent GST on fruit and vegetables. In other words, big business is pushing for Labour to ditch any, even cosmetic, gestures to address the concerns of working people. Shearer will undoubtedly fall into line. When the cabinet announced plans this week to immediately sell Mighty River Power, Shearer had nothing to say.



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