

# New Zealand: Labour, Greens continue “Keep Our Assets” diversion

Tom Peters  
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The conservative National Party government passed legislation today to sell 49 percent of the state-owned power companies Meridian, Genesis and Mighty River Power and the coal producer Solid Energy. It also plans to reduce its stake in Air New Zealand from 76 to 51 percent.

Through the asset sales, Prime Minister John Key’s government aims to raise up to \$NZ6 billion (\$US4.7 billion) to reduce its debt, while providing a windfall for wealthy investors.

The partial privatisations are part of an austerity program designed to make the working class pay for the economic crisis. Since the country went into recession in 2008, the government has slashed spending on welfare, health and education, increased the regressive goods and services tax (GST) and sacked more than 2,500 public sector workers. The May 24 budget stepped up the attacks on living standards, with severe cuts to education and aged care.

With the global economy continuing to deteriorate, the government has signalled that it will make even deeper cuts. On June 14, the Reserve Bank rejected Treasury’s forecast of a return to budget surplus by 2014-15, predicting it would take two more years before the government’s books were in the black. Prime Minister Key told the media on June 18 that the European debt crisis meant New Zealand was “vulnerable to shocks transmitted through China and Australia and through the tightening of financial markets.” The government, he stated, had “committed to getting back to surplus by 2014-15 and we won’t let that target slip lightly.”

The opposition Labour Party and the Greens have no fundamental differences with the thrust of government’s policies. Both are parties of big business that fully support imposing the burden of the worldwide slump on working people. They have ruled out reversing the government’s GST increase, which has contributed to soaring living costs, and have joined the far-right ACT Party in attacking the government for not raising the pension entitlement age from 65 to 67.

Labour and the Greens, joined by the anti-immigrant New Zealand First and the Maori-nationalist Mana Party, have focussed on the asset sales in a cynical effort to divert rising popular anger over the government’s attacks into channels that do not threaten the underlying austerity agenda.

Supported by the senior citizens’ group Grey Power, the Council of Trade Unions and various pseudo-left groups, the parties have launched a “Keep Our Assets” petition to get 10 percent of enrolled electors—about 300,000 people—to sign up for a citizens’ initiated referendum, purportedly to stop the privatisations.

Labour and its allies held protest rallies in April and May in Wellington, Auckland and other centres, under the nationalist slogan “Aotearoa [New Zealand] is not for Sale.” The rallies were used to create an amalgam between opposing privatisations and opposing the sale of land to foreign, especially Chinese, investors (see: “New Zealand ‘Not for Sale’ campaign promotes anti-Chinese sentiment”).

The Greens have hired the equivalent of eight full-time staff and organised volunteers to collect signatures. Given that polls suggest 60 to 80 percent of

people oppose privatisations, the petition is likely to succeed.

The government has signalled that it will ignore a referendum. Prime Minister Key claims that National has a “mandate” for asset sales because it was returned to power in last year’s election. In fact, the election saw the lowest voter turnout in percentage terms in 120 years, underscoring the alienation of wide layers of the working class from the entire political establishment. National received 48 percent of the vote, while Labour got 27 percent, its worst result since 1928.

The “Keep Our Assets” petition is designed to promote Labour and its allies as a progressive alternative, without seriously challenging asset sales. Labour leader David Shearer told parliament on June 19 that the sales represented “a wholesale shift of property ... [from] public ownership ... into the hands of a small elite.” His main criticism, however, was that there was no “undertaking ... to ensure that ownership stays in New Zealand hands”—that is, in the hands of local rather than foreign capitalists.

Labour and the Greens have rejected suggestions that they make a pledge to re-nationalise the power companies if they win the next election in 2014.

Labour’s record in government demonstrates that it has no principled opposition to privatisation. In the 1980s, the Lange-Douglas Labour government sold off major state-owned enterprises, including the Bank of New Zealand, Telecom and New Zealand Rail. Claims by Labour that it has since “learnt from its mistakes” are bogus. The Clark Labour government from 1999 to 2008 oversaw the privatisation of farmland, amounting to 10 percent of the country’s land area, and in 2007 it sold 49 percent of the state-owned Spring Creek Mine to US company Cargill Coal.

Labour and the Greens have noted that partial privatisation will bring pressure from investors to deliver higher profits, driving power prices up. While this is true, the claim on the “Keep Our Assets” web site that electricity is currently “affordable” because “the publicly-owned companies hold the price down” is patently false.

The companies are run as profit-driven businesses under the State Owned Enterprise (SOE) model introduced by the Labour government in 1986 as a halfway-house to privatisation. A Consumer NZ report released last year found that in the main centres, the typical family power bill had risen 78 percent during the previous eight years. This winter, many residential customers are facing increases of 10 percent or more. Yvonne Dasler from the charity Crossroads Marlborough told the *Marlborough Express* on June 20 that growing numbers of people could not afford to both eat properly and heat their homes. “It’s hard to believe it is the 21st century when we are seeing cost-saving measures and hardship akin to the Great Depression of the 1930s,” she said.

By contrast, prices have been kept down for big business. From 1979 to 2009, commercial electricity prices fell in real terms by 37 percent and industrial prices by 3 percent.

Contrary to the Labour-Greens slogan, companies owned by the capitalist state are not “ours”. Ordinary working people have no control over them and they are run purely for the benefit of the ruling elite.



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