

# Anti-Chinese campaign backfires on New Zealand Labour Party

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The opposition Labour Party was thrown into turmoil last week after a series of leaks to the media revealed that it received donations from Donghua Liu, a wealthy Chinese-born investor who pleaded guilty in April to domestic violence charges.

Until his prosecution, Liu had close ties with the National Party government, which granted him citizenship in 2010, received at least one donation of \$22,000 from him, and promoted his property developments in Auckland. Last month, building and construction minister Maurice Williamson was forced to resign after revelations that he tried to influence the police investigation into Liu.

Claims and counter-claims over the affair, with each side accusing the other of “corruption,” are an indication of the fetid atmosphere swirling around all the parties, three months away from the election. None is able to honestly put before the population the agenda of militarism and austerity that will be imposed regardless of which party leads the next government.

The opposition has no fundamental differences with the government’s deeply unpopular measures, designed to impose the economic crisis on working people, or with its support for US war preparations. Instead, Labour and its allies—the Greens, the Maori nationalist Mana Party and the right-wing, anti-immigrant NZ First—all seized on Liu’s case to accuse the government of “corrupt” dealings with Chinese businesses.

These accusations had nothing to do with concern about Liu “buying influence”—a practice in which all the establishment parties are thoroughly complicit. Rather, the denunciations were part of a xenophobic campaign by the Labour bloc against Chinese immigration and investment.

These parties aim to divert growing social tensions by blaming immigrants—particularly those from Asia—for

the housing shortages, unemployment, under-funded public services and other social problems. Labour, supported by Mana and its pseudo-left affiliates, recently declared it would cut annual immigrant numbers in half if elected, and ban foreigners from buying houses.

Last month, the opposition attacked Immigration Minister Michael Woodhouse after he revealed that he had discussed immigration policy with Liu, as well as other Chinese donors, at a National Party fundraiser. Speaking to Radio NZ, Labour leader David Cunliffe denounced Woodhouse for making a “paid appearance for a particular migrant community.” Greens co-leader Russel Norman described the meetings as “democracy up for sale.”

NZ First leader Winston Peters told TV3 on May 9 that the government was “selling policy... [to] a man that came in from China, who should never have been out here in the first place,” so that Liu could bring more of his “mates” into the country. NZ First, which was founded in 1993 on a platform explicitly opposed to Asian immigration, is being courted by Labour as a potential coalition partner.

Last week, however, the opposition’s campaign backfired when it emerged that Liu also supported the 1999–2008 Labour government. Prime Minister John Key, who has known of Liu’s claims of large donations to Labour for some weeks, accused Cunliffe of hypocrisy, as did much of the corporate media.

On Monday last week, the *New Zealand Herald* cited an unnamed Labour source who claimed that Liu donated \$15,000 to the party in 2007, three years after he was granted residency. A day later, Cunliffe denied he had any contact with Liu. But the next day the *Herald* released a letter Cunliffe wrote as an MP in 2003 to the immigration department, advocating for Liu

to be given residency. The scandal deepened over the weekend after Liu told the *Herald* he gave Labour a total of almost \$100,000. Cunliffe claimed the party had no record of the donations.

The leaks were clearly calculated to destabilise Cunliffe, and appear to have come both from the government and his opponents within the Labour caucus—known as the Anyone But Cunliffe faction. The mere fact that Labour insiders were rumoured to have been the source of the leaks is a sign of the crisis wracking the party.

There is considerable resentment over Cunliffe's failure to reverse the party's collapse in electoral support. While senior MPs publicly expressed confidence in Cunliffe, according to Fairfax Media, some "privately admitted the Liu revelations had sparked fresh speculation about the leadership."

On June 19, *Herald* political columnist John Armstrong wrote of "firm rumours" that senior MP Grant Robertson "has the numbers" to roll Cunliffe but was unlikely to do so because the leadership "could turn out to be a very poisoned chalice." One TV3 interviewer told Cunliffe he was "safe at the moment because none of your colleagues want to take the helm of the Titanic."

Labour is heading for another disastrous defeat. Since it lost the 2008 election, Labour has staggered from one crisis to the next and gone through three leadership changes. The party lost the 2011 election with just 27 percent of the vote—its worst result in 80 years. It now faces the prospect of an even greater humiliation in September. A Fairfax-Ipsos poll last week gave Labour only 23 percent support.

Cunliffe's installation as leader last September was accompanied by a great deal of fanfare from Labour's supporters, including the trade union-funded *Daily Blog* and the pseudo-left International Socialist Organisation (ISO), which fraudulently presented the change as a shift to the "left," despite Cunliffe's long pro-business record. (See: "New Zealand pseudo-lefts promote new Labour leader")

The desperate attempt to give Labour a progressive colouring has failed. Broad sections of the working class correctly regard it as a big business party, just like National. While promising meagre "reforms"—including raising the minimum wage by 75 cents—Cunliffe has repeatedly underlined his

commitment to budget austerity. He has vowed to raise the pension eligibility age and slash government debt.

The opposition parties' anti-Chinese campaign is bound up with their support for US imperialism. In 2008, the former Labour government signed a free trade deal with China, which has since become NZ's principal export market. Labour cultivated ties with Liu and many other Chinese investors. But it also played a key role in strengthening military ties with the US by sending troops to assist the occupations of Iraq and Afghanistan.

All the opposition parties have fallen into line with the Obama administration's "pivot to Asia," aimed at securing domination over China and encircling it militarily. This aggressive policy has destabilised politics throughout the Asia-Pacific region, as Washington puts pressure on all its allies to line up against China. Labour and its associates used the sale of a handful of farms to a Chinese company to whip up anti-Chinese sentiment. This was followed by the current anti-immigrant campaign, which has not gained Labour any significant support.

The likelihood of another devastating defeat for Labour has provoked a degree of nervousness in ruling circles. Influential *Herald* business columnist Fran O'Sullivan denounced "unfounded" calls by some media commentators for Cunliffe's resignation, writing that a new leader would have no greater chance of winning the election. Prominent Labour supporters such as columnist Chris Trotter, the *Daily Blog* and Mana leader Hone Harawira—who have all taken part in the anti-Chinese campaign—urged the party to rally around Cunliffe.

Sections of the ruling elite fear that Labour's implosion, coupled with the growing alienation of the working class from all the established parties, could lead to popular opposition erupting outside the political establishment. Above all, Labour's backers are seeking to keep workers and young people bound to the party and the parliamentary system amid deepening attacks on living standards and preparations for war.



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