

# New Zealand Labour Party scapegoats Chinese over housing crisis

John Braddock  
18 July 2015

New Zealand's opposition Labour Party has sparked a political storm with claims that Chinese property investors are fuelling the housing bubble in Auckland. Labour's housing spokesman Phil Twyford told TV3's "The Nation" on July 11 that a "tsunami of Chinese investment" was looming and called for a total ban on foreign buyers purchasing New Zealand homes.

Labour obtained figures from a leading real estate agency—Barfoot & Thompson has since sacked an employee over the leak—for nearly 4,000 house sales from February to April. The data purported to show that people with "Chinese surnames" accounted for 39.5 percent of the transactions in the period. Ethnic Chinese residents or citizens account for 9 percent of Auckland's population, prompting the party to declare that this was "staggering evidence" of a "very significant presence" of overseas Chinese investors in the housing market.

Twyford declared that while the National Party government was "in denial" over the issue, he was "standing up for Kiwi first-home buyers who currently are denied the dream of affordable home ownership."

In reality, the erosion of the right to decent housing is part of the broader assault on jobs and living standards that Labour has supported since the 2008 financial crisis. While Statistics NZ figures show that home ownership has fallen to its lowest level in over 60 years, a wealthy elite, including landlords, is profiting from rampant speculation that has produced an out-of-control property bubble.

Labour's move is part of its long-running campaign to divert hostility over inequality and a mounting social crisis into xenophobic anti-Asian channels. Since 2012, Labour and the other opposition parties have joined the anti-immigrant NZ First Party in opposing farm sales to Chinese companies. Significantly, the anti-Chinese

campaigns dovetail with moves by Washington to integrate New Zealand into its "pivot to Asia"—an aggressive strategy to encircle and prepare for war against China.

Twyford's assertions brought an immediate backlash, not only from many ordinary people who were aghast at Labour's blatant racism, but from within the political establishment itself. New Zealand Race Relations Commissioner Susan Devoy accused Labour of "dumbing down complex economic woes" and blaming them on "an ethnic community whose members are already feeling under pressure." Seizing the opportunity to take the offensive on the race question, Economic Development Minister Steven Joyce told Radio NZ that Labour had taken "a cheap political shot at an ethnic group of New Zealanders... because of their surnames."

While the government has strengthened military and intelligence ties with the US, and openly supports the anti-China "pivot," it is also anxious to avoid threatening New Zealand's commercial relations with China. Former Deputy Prime Minister Don McKinnon warned that the debate on housing should avoid sending "mixed messages" to overseas partners. "The \$6 billion increase in our exports to China over the last five years probably kept the New Zealand economy out of recession," McKinnon told the *New Zealand Herald*.

Labour and its supporters represent sections of the ruling elite who favour a much more explicit alignment with the US against China. While admitting that Barfoot & Thompson's figures were "crude," Labour leader Andrew Little denied that the party was playing the "race card."

Several Labour apologists in the media jumped aboard its anti-Chinese campaign. Writing on the trade union-funded *Daily Blog*, John Minto from the Maori

nationalist Mana Party stated that “Twyford is right that the government is in denial” about Chinese and other “offshore buyers” who were driving up house prices. Blog editor Martyn Bradbury declared that the government encouraged Chinese investment because “Chinese interests own the National Party.”

Pro-Labour columnist Chris Trotter falsely accused China of “standing where Britain stood,” i.e., as the country’s colonial master, absurdly declaring that the Chinese “economic colossus” is “calling the shots in New Zealand” and threatening the country’s “sovereignty.” These nationalist claims echo Pentagon propaganda about Chinese “expansionism” and “imperialism” and are designed to mobilise the population behind Washington’s war preparations.

For 100 years Labour and the unions, like their Australian counterparts, have been the chief vehicles for anti-Asian chauvinism. They are now reviving these reactionary traditions to prepare New Zealand to join the imperialist attacks on China. In doing so, they turn reality on its head. China is not an imperialist power. It has no colonies, is militarily encircled by the US and its allies, and is dominated by foreign corporations, which derive the lion’s share of profits from cheap Chinese labour.

Wellington relies strategically on its alliance with US military hegemony to safeguard its own neo-colonial interests in the South Pacific and around the world. Following a temporary breakdown over the 1985 anti-nuclear policy, the 1999–2008 Helen Clark-led Labour government restored defence relations with the US.

This month—just before Labour’s attack on Chinese house buyers—US Pacific Commander Admiral Harry B. Harris visited Wellington for talks with the government and senior defence officials. Last week, 600 New Zealand troops for the first time joined the US-Australian led biennial Talisman Sabre exercise, a military rehearsal for conflict with China.

Like other countries in the region, the New Zealand ruling elite is caught between its economic reliance on China and strategic relations with the US. Last month New Zealand cemented its financial ties with China by becoming a founding member of the Asian Infrastructure Investment Bank, to which Washington is opposed. Despite this, New Zealand also remains committed to the Trans-Pacific Partnership agreement, which the US is using to push back against Chinese

trading interests in the region.

It is increasingly evident that geo-political considerations—concentrated in the drive to war—are asserting themselves within New Zealand’s ruling elite. Writing in the *NZ Listener* on June 27, prominent businessman Gareth Morgan declared that for too long “we have placed all bets on China to drive our economy.” Despite its contradictions, he said, for New Zealand “the US is an infinitely preferable senior in the economic, social and political playground than Communist China’s regime.”

As New Zealand’s political establishment falls behind the drive to war, the working class must make its own preparations by building an anti-war movement based on an international socialist program, to overthrow the profit and nation state system that is the source of war. This campaign must fight against the efforts by Labour and its allies to pollute the atmosphere and pave the way for war by whipping up anti-Chinese racism and xenophobia.

*The author also recommends:*

New Zealand opposition parties campaign on anti-Chinese xenophobia

[16 August 2014]

New Zealand pseudo-lefts support Washington’s war preparations against China

[16 August 2014]



To contact the WSWWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**