

Shock resignation by New Zealand Prime Minister

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Yesterday New Zealand Prime Minister John Key announced his resignation from politics after eight years in the role and a decade as leader of the National Party. He will formally step down on December 12 after the party caucus elects a new leader.

The sudden announcement appeared to come as a shock to media commentators and the political establishment, including government ministers, who were only informed of Key's decision a few hours before his media conference. Police Minister Judith Collins told Radio LIVE that she and her cabinet colleagues were "absolutely gobsmacked."

There was no obvious trigger for the resignation. Key was widely expected to lead the party in the 2017 election. He only offered the trite and unconvincing explanation that he wanted to spend more time with his family and was exhausted with politics.

Key supported his deputy Bill English to take over as prime minister, identifying him as best placed to maintain the government's continuity. As finance minister, English has been the chief architect of the government's anti-working class agenda, leading the part-privatisation of several power companies.

Collins and Health Minister Jonathan Coleman are so far the only other candidates to declare their intention to contest the leadership. Collins has pushed draconian "law and order" policies and has links with far-right bloggers. Coleman has overseen the government's drastic underfunding of the health sector.

Under Key's leadership, National has won the last three elections and was favoured to secure another term in office. The media have described Key as the country's most popular leader ever. His government has been touted as a model of stability compared with neighbouring Australia, where in the past six years three prime ministers have been removed in inner-party

coups.

In reality, there is seething popular hostility towards the government, with a social explosion building below the surface of daily events. National has imposed severe austerity measures, strengthened the powers of the intelligence agencies to spy on the population and supported US-led wars in Afghanistan and Iraq. Key, a multi-millionaire former trader at Wall Street bank Merrill Lynch, personifies the financial aristocracy that has profited from the global economic crisis at the expense of the working class.

The National Party has remained in power primarily due to the historic collapse in support for the opposition Labour Party, which is discredited among workers because of its support for National's pro-business agenda and its own pro-market policies while in government. The 2011 and 2014 elections were both marked by record abstention of more than a million people—in a country with just 4.5 million people. Despite National's sweeping attacks on living standards and public services, Labour is languishing at under 30 percent support in the polls.

The exact reasons behind Key's resignation have yet to emerge. It takes place, however, in the context of the US election victory of Donald Trump, whose extreme right-wing nationalist and protectionist agenda has sent shockwaves through ruling circles throughout the Asia-Pacific region. Key took it upon himself to warn business leaders last month not to "get despondent" over fears of a new wave of protectionism.

Key was one of the most vocal advocates for the Trans-Pacific Partnership (TPP) trade agreement, which Trump vehemently opposes and, in one of his first policy pronouncements, promised to scrap. In February the New Zealand government hosted the formal signing of the agreement.

Trump will dramatically escalate the US confrontation with China. His threats to impose a 45 percent tariff on imports from China and to label Beijing a currency manipulator, if carried out, would unleash a full-blown trade war, heightening the danger of war between the two nuclear-armed powers.

While Key supports the American military build-up in Asia and has strengthened New Zealand's alliance with the US, his government has worked assiduously to avoid alienating China, which is New Zealand's second largest trading partner. Two-way trade with China has nearly tripled over the past decade, rising from \$NZ8.2 billion in 2007 to \$23 billion in 2016. Annual exports to China have quadrupled and imports doubled since 2007.

Trump's protectionist policies could have devastating consequences for trade throughout the Asia-Pacific region. At an APEC summit in Peru on November 20, Key warned: "We really like the US being in the region. We think they are great partners, great friends and we think they add something to all the countries there. But in the end if the US is not there, that void has to be filled. And it will be filled by China."

On November 21, in one of his final acts as prime minister, Key announced the launching of negotiations to upgrade New Zealand's Free Trade Agreement with China. A few days later Key told a business audience in New Zealand: "Is the world going to stop trading because Donald Trump is fundamentally opposed, or do things in spite of the US?"

Key was not forced from office by any significant "opposition" from the other parliamentary parties. Labour leader Andrew Little responded to Key's resignation by hailing his "service" in the wake of the global financial crisis and the series of New Zealand earthquakes in 2010, 2011 and 2016. He told Radio NZ Key "has been a very popular prime minister ... He's seen through some pretty difficult periods [and] ... given comfort and assurance to people."

Former Labour Party Prime Minister Helen Clark (1999-2008), now a leading figure at the UN, wrote: "He has advocated tirelessly for NZ internationally these past eight years."

Labour's main ally the Green Party similarly extended its "best wishes" to Key. Co-leader James Shaw stated: "Mr Key should be applauded for his commitment to public service and to New Zealand."

For working people, the legacy of the Key government has been eight years of austerity. Key has overseen thousands of job cuts and a decline in median incomes, almost destroyed the coal mining industry, increased the goods and services tax, cut taxes for the rich and slashed spending on healthcare and welfare services. An estimated one in four children is living in poverty and 41,000 people are homeless due to the soaring cost of housing. Large parts of the country have been de-industrialised and economically shattered. Suicides have reached record levels two years in a row.

The calling of an early election is now possible. However, Key's departure will in no way lessen the attacks on the working class and the drive towards nationalism, militarism and anti-democratic forms of rule in New Zealand. Labour and the Greens are both parties of big business and agree with National's agenda to make workers pay for the economic crisis.

The opposition parties have attacked National from the right, joining the anti-immigrant New Zealand First Party in demanding cuts to immigration. The election of Trump has given a definite boost to NZ First, whose leader Winston Peters is demanding similar protectionist policies. Peters has also launched repeated racist attacks on Muslims and Chinese immigrants, scapegoating them for the country's social crisis.

Whoever wins the next election, Labour or National, may well need NZ First's support to form a government. Key, however, has repeatedly criticised Labour and the Greens for aligning themselves with NZ First and helping it to promote xenophobia and anti-immigrant policies.



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