

New Zealand government bans “foreigners” from buying houses

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On August 15, the New Zealand parliament passed the Labour Party-led government’s Overseas Investment Amendment Bill, banning purchases of houses by non-citizens and non-residents. To buy an existing house, individuals must have New Zealand citizenship or residency and have lived in the country for at least a year.

The government of Prime Minister Jacinda Ardern falsely claims the ban will address the housing market bubble that has driven up prices and rents. In fact, it is aimed at scapegoating so-called foreigners, especially Chinese people, for the increasingly severe housing crisis.

An Oxford Economics report recently identified New Zealand as having the second-most overvalued housing in the world, behind only Hong Kong. As a result, around 40,000 people, or nearly 1 percent of the population, live without adequate housing. Last year, a Yale University study found that this is the highest level of homelessness in the OECD.

Like governments in the US, Europe, Australia and throughout the world, the Labour-New Zealand First-Greens coalition is seeking to divert working class anger over social inequality, including the lack of affordable housing, into the most reactionary channels. The aim is to whip up nationalism and xenophobia to divert attention away from the government’s own responsibility for the worsening social crisis.

At the same time, the promotion of anti-Chinese chauvinism in particular is aimed at aligning New Zealand with the growing US-led military build-up and threats of war against China.

In a speech to parliament last December, Finance Minister David Parker declared that New Zealanders “should not be tenants in our own land.” House prices should be “set by local buyers, not by the wealthy 1

percent from international markets.” Greens MP Eugenie Sage supported the ban, accusing “offshore property speculators” of “pushing Kiwi [New Zealand] homebuyers out of the market.” The right-wing nationalist NZ First Party strongly endorsed the bill.

In fact, it is primarily local investors who have driven housing costs to grotesquely unaffordable levels for the vast majority of workers. Writing on the Radio NZ website, economist Shamubeel Eaqub said the new law would have an “imperceptible” impact on housing costs, as foreign buyers “accounted for 4 percent of house sales.”

The ban is part of a broader campaign to scapegoat foreigners and immigrants, especially those from Asia, for the social crisis. This includes changes designed to cut thousands of places for international students and restrict their right to work. During last year’s election, Labour promised to cut overall immigration by almost half.

The new law further underscores the nationalist character of the government’s supporters, including the liberal “left” media and the trade union bureaucracy. On June 26, the day the foreign buyer ban law received its second reading in parliament, the trade union-funded *Daily Blog* posted an emphatic demand from its editor Martyn Bradbury to “PASS THE BLOODY LAW NOW!”

The unions are similarly seeking to scapegoat migrant workers for low wages. The Unite union, which is among the *Daily Blog*’s backers, recently celebrated the government’s decision to ban the Burger King chain from hiring migrant workers for 12 months, which could result in dozens of workers being unable to stay in the country.

The government has done nothing to address the housing shortage or reduce the cost of housing.

Labour's Kiwibuild scheme, which aims to build 100,000 new homes over 10 years is woefully inadequate and does not take into account a rapidly growing population. The houses will be sold mostly for more than half-a-million dollars.

There is an urgent need to spend billions of dollars to create genuinely affordable housing. The Ministry of Building, Innovation and Employment reported last November that the country has a shortage of over 71,000 homes. The crisis is particularly sharp in Auckland, the country's most populous city, which was short of 44,000 homes.

Since the formation of the current government last September, median house prices nationally have increased 3.6 percent to \$549,000. In Auckland, the largest city, the median has increased 75 percent over four years. Although this has slowed down in the past year, the median is now \$852,000, and modest homes frequently sell for over \$1 million. This property bubble, created by intense speculation by property investors, will likely trigger a major financial crisis if it bursts.

Rents have also soared. According to a nationwide housing stocktake commissioned by the government early this year, between 2012 and 2017 rents for a three-bedroom house rose 25 percent, while wages rose just 14 percent.

The same report, published in February, revealed that emergency housing is under immense strain, with 80 to 90 percent of homeless people turned away by emergency housing providers last year.

In August, Auckland City Mission reported that in the last year it had distributed 15,879 food parcels, up 22 percent from the previous year, and the highest amount since it was founded 98 years ago.

A *New Zealand Herald* investigation into conditions facing homeless people found they "are dying about 36 years earlier than the general population." Out of 45 who died in the past seven years, the average age was 45.6.

The lack of affordable housing, stagnant wages and degrading working and living conditions, has triggered an international resurgence of working class strike activity. This year has seen more strikes in New Zealand than in the past 30 years. In July and August, nurses and teachers held nationwide strikes. The cost of housing relative to income was a major factor in the

disputes.

Workers must reject the efforts of the ruling elite to derail their struggles by deflecting anger onto immigrants and foreigners, who make up 20 percent of New Zealand's population. This requires a decisive break from all the established political organisations, including the trade unions, which are seeking to divide workers along nationalist lines.

There is an urgent need for workers, facing the same attacks in every part of the world, to coordinate internationally in a conscious fight to abolish the capitalist system. The demand must be raised for high-quality housing for all, as a fundamental social right. This requires the reorganisation of society along socialist lines, including the nationalisation of the banks and investment giants that have profited from the housing boom.



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