

New Zealand government in crisis ahead of election

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As New Zealand approaches an election scheduled for October 14, the Labour Party-led government is increasingly unstable, wracked by infighting, and incapable of making any popular appeal to a working class whose living standards are collapsing.

Since the sudden and unexpected resignation of Jacinda Ardern as prime minister in January, Labour has continued to poll below 35 percent. This is a dramatic drop from the 50 percent at the 2020 election, largely thanks to its COVID-19 elimination policy, which the Ardern government completely abandoned at the end of 2021.

So far this year, five ministers have either followed Ardern in resigning, or been forced out of their positions. While the circumstances differ in each case, taken together the series of departures points to a deep political crisis.

Most recently, Kiri Allan stepped down as justice minister after being arrested on July 23 for crashing her ministerial vehicle into a parked car in Wellington. She faces charges of careless use of a motor vehicle, refusing to accompany a police officer, and an infringement notice for driving while over the alcohol limit.

Allan was reportedly experiencing a personal crisis, following a recent break-up. The government has tried to portray her arrest—the first time for a sitting government minister in New Zealand’s history—as an isolated case bound up with mental health problems. But it is only the most dramatic in a series of departures by senior members of the government.

In March, Stuart Nash resigned as police minister and was sacked from his other portfolios, including tourism and forestry, over a series of transgressions including the leaking of information from cabinet discussions to wealthy electoral donors.

In May, Minister for Customs and Veterans Affairs Meka Whaitiri abruptly announced her resignation and

defected from Labour to join the Māori Party, a minor party which represents sections of the indigenous tribal elite. She gave no explanation other than referring to her Māori heritage.

Michael Wood, once touted as a future Labour Party leader, resigned from cabinet in June as minister for immigration, transport and workplace relations, following revelations that he failed to declare conflicts of interest, including the ownership of shares in Auckland Airport and in telecommunications companies.

Perhaps most significantly, immediately after Allan’s departure, Revenue Minister David Parker announced his resignation, saying he disagreed with Prime Minister Chris Hipkins’ decision to rule out implementing a wealth or capital gains tax. “I thought it was untenable for me to continue,” he told reporters.

The resignations and sackings, occurring at the rate of about one per month, all point to a breakdown in discipline within the Labour Party. With the party currently projected to lose about one third of its 65 seats in parliament, leading members are more willing to openly contradict Hipkins and in some cases have chosen to leave the sinking ship.

The context is the worsening global economic crisis and tactical disagreements within the political establishment over how to continue to impose the burden of the crisis on working people.

Hipkins has repeatedly made clear to the corporate and financial elite that Labour will take no action to address unprecedented levels of social inequality, fuelled by the government’s subsidies, tax breaks, low interest rates and quantitative easing measures. On July 12, the prime minister told the media that it was “not the time for a big shake-up of our tax system” and “under a government I lead there will be no wealth or capital gains tax after the election. End of story.”

Parker revealed in May that 311 families controlled \$85

billion in wealth—the first time such figures have been made public. He and Finance Minister Grant Robertson had both favoured the introduction of a modest 1.5 percent tax on net wealth over about \$5 million, and the removal of tax on income under \$10,000, but they were overruled by Hipkins.

Robertson and Parker's proposal would have done nothing fundamentally to reverse the basic trend of obscene levels of wealth being hoarded by a tiny number of people at the top of society. Nevertheless, Hipkins' veto led to worried statements from Labour's supporters in the media, with some predicting that it made an election loss more likely.

The working class is experiencing stagnant wages while household living costs have surged by 7.2 percent in the 12 months to June, according to Statistics NZ—ahead of the official 6 percent inflation rate. Costs are driven by interest rates, which have risen by 28.8 percent, and food prices, up 13.2 percent.

Rents have risen by about \$50 a week over the past year, an annual rise of \$2,600, according to Trade Me. About one in five households with children are living in poverty; and about 100,000 people are homeless or severely housing deprived.

Significantly, three of the government ministers who have left or been forced out—Allan, Nash and Whaitiri—represented electorates in Gisborne and the Hawke's Bay areas which were devastated by Cyclone Gabrielle in February. Thousands of homes, farms and businesses were destroyed or severely damaged by flooding, with impoverished towns such as Wairoa among the worst-hit. This has dramatically escalated the housing crisis and the financial burdens facing families, who have largely been left on their own to deal with insurance companies.

Far from addressing the crisis, Labour's May budget imposed new burdens on working people, with real cuts to healthcare and education spending. Hundreds of job cuts are being imposed at universities and in public hospitals.

The abandonment of any measures to stop the spread of COVID-19, which continues to kill dozens of people every week, is adding to the pressure on public hospitals, which are regularly filled to capacity.

The government is relying on the union bureaucracy to enforce cuts and to keep a lid on rising anger in the working class. Recently, about 30,000 nurses and other healthcare workers voted overwhelmingly in favour of a 24-hour strike on August 9. The New Zealand Nurses Organisation is desperately working with the Labour

government to come up with a means to stop the strike from going ahead.

As election campaigning ramps up, none of these burning issues is being addressed by any of the parties. Instead, Labour and the conservative opposition National Party and far-right ACT Party are competing to put forward the most draconian law-and-order policies.

Days before her car crash and arrest, Allan announced a policy targeting youth crime, to enable 12 and 13-year-olds to be tried in the Youth Court, rather than the lower Family Court, and face more severe sentences. Labour has also promised to expand youth justice facilities, which are essentially prisons for children.

Meanwhile, Labour, National, and their allies ACT and the Greens all agree that billions of dollars must be diverted to upgrading military assets and recruiting more young people into the armed forces, as New Zealand is integrated into the US-NATO war against Russia in Ukraine, and preparations for war against China. This will be paid for through further cuts to social programs.

With Labour currently polling around 33 percent and National on 35 percent, there are growing concerns in the ruling elite about the stability of the political system. The next government could be a shaky coalition of two or even three parties. The collapse in support for the major parties of big business, and rising abstentionism (nearly 900,000 eligible people didn't vote in 2020), signals a growing movement to the left and hostility towards capitalism, especially among younger workers.

Whichever parties form the next government, it will confront an upsurge of class struggle, as is already taking place in the United States and across Europe. Workers and young people, who increasingly recognise that capitalism has failed and are looking for a genuine alternative, need to turn to the socialist and internationalist program of the International Committee of the Fourth International and its supporters in New Zealand, the Socialist Equality Group.



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