

Capitalist parties promise sweeping attacks on working class in New Zealand election

John Braddock
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With the voting period for New Zealand's October 14 election now open, campaigning has entered its final critical phase. The political establishment is facing a historic crisis, fuelled by intensifying geo-strategic tensions and escalating war threats, an ongoing COVID pandemic, existential global climate change and destabilising world economic conditions.

The Labour-Greens government is deeply unpopular after 6 years of attacks on the working class and has plummeted to about 26 percent in the polls having lost nearly half its support since the 2020 election. There is no mass support for the opposition conservative National Party, which would need the far-right ACT or NZ First, or both, to form a coalition government.

Above all is the international resurgence of class struggles as workers come forward in an offensive over jobs and living standards. Since 2018 there have been a series of nationwide strikes by teachers, nurses, doctors, medical laboratory workers and firefighters against wage cuts overseen by the Labour-Green Party government.

In order to suppress this movement the NZ Reserve Bank, like those internationally, raised interest rates from October 2022 to June 2023 to engineer a recession. On Wednesday it retained the official cash rate at 5.5 percent, while warning that interest rates "may need to remain at a restrictive level for a more sustained period of time."

In this atmosphere, the election campaign has imposed a silence over the major issues facing the population, above all the threat of war and the continuing COVID-19 pandemic. On the domestic front, Labour and National are downplaying the extreme social crisis, highlighted by deepening poverty and inequality.

The Inland Revenue Department reports that the

country's 311 richest individuals collectively hold \$85 billion in assets—more than three times the annual public health budget. Their annual income equates to 4 percent of the country's gross domestic product. Meanwhile, many reports highlight deepening impoverishment. About one in five children lives in poverty while increasing numbers of families are resorting to charity to survive.

Far from presenting policies to address this dire situation, all the pro-business parties have responded with a series of brutal measures involving tax cuts for the wealthy, a sweeping assault on the public sector, tens of thousands of job cuts, a drastic assault on welfare and harsh "law and order" measures. Meanwhile both major parties are promising billions more for the armed forces.

Last week the opposition National Party, and its potential right-wing coalition partners ACT and NZ First, announced sweeping cuts to welfare along with an authoritarian assault on beneficiaries' rights. National is promising to slice \$2 billion over four years from welfare by indexing benefit levels to inflation instead of anticipated average wage growth.

National says it will "save" money by pulling more people off welfare and into work by "growing" the economy. This will be underpinned by harsh punitive measures such as imposing more stringent "work tests," penalties for non-compliance and restrictions on what benefit money can be spent on. ACT and NZ First promise to impose a two-year maximum on welfare access over the course of anyone's lifetime.

According to Labour, National's plan would see a single person on the over-25 Jobseeker rate lose \$315 next year, \$1,023 by 2025 and \$2,261 by 2028. Yet Labour itself has imposed benefit levels that are grossly inadequate. A 2022 study by Fairer Futures—before

price inflation escalated—found that an average family on a benefit needed \$165 more a week just to get by.

Unemployment is forecast to jump from its current 3.6 percent to 4.8 percent next year and 5.4 percent in 2025. As many as 50,000 jobs could be lost. Under a National/ACT/NZ First coalition another 15,000 public servants are reportedly at risk of being thrown out of work.

Both Labour and National are promising to return budget surpluses in 2027, which will only be achieved by slashing public services. National's finance spokesperson Nicola Willis has bluntly declared its cuts would begin before Christmas.

Labour has committed to austerity measures of its own, including cuts of at least 2 percent from all public services. In August Hipkins flatly rejected cost-of-living pay rises for tens of thousands of striking nurses and teachers, declaring "we don't have a great money tree in the backyard."

Hundreds of jobs are already being slashed across tertiary education. The health budget has been slashed as all COVID protections have been scrapped, and hospitals and schools are facing a staffing crisis. All these assaults have been overseen by the trade unions, which have repeatedly sought to suppress opposition by workers.

Researcher Max Rashbrooke noted that projections of a budget surplus rely on the annual allowance for new spending shrinking from the current \$3.5 billion to \$1.6 billion in 2026. Spending at that level, according to *New Zealand Herald* columnist Thomas Coughlan, would be barely enough "to keep the lights on."

The tax system heavily favours the wealthy, with no comprehensive taxes on capital gains, inheritance or wealth. Labour has explicitly ruled out imposing any wealth taxes. It promises to remove the goods and services tax on fresh fruit and vegetables, which will save most households a few dollars per week.

National is promising tax cuts of \$14.6 billion, aimed at benefiting the wealthy but has persistently refused to release detailed figures to show how they will be funded. Its major plan is to enable foreign investors to purchase property valued at over \$2 million, for which a new tax will be levied, purportedly to generate \$740 million revenue. Several economists have agreed that there is a roughly half billion hole in the projected gains.

Welfare "reforms" intended to drive beneficiaries into paid work go hand in hand with attacks on workers. New Zealand is already known internationally as a "low wage" economy, with increasingly insecure forms of work, and immigrant workers facing extreme levels of exploitation.

Deeper attacks on workers' rights are being prepared. The National Party intends to reinstate 90 day "trials" before workers can qualify for workplace protections and entitlements. The ACT Party wants to freeze the minimum wage for three years.

Labour is promoting a so-called Fair Pay Agreements (FPA) policy, which it falsely claims will end low wages by allowing unions to negotiate pay across entire industries. In fact, the FPAs are a corporatist mechanism for unions, businesses and the state to negotiate low wages while banning strikes by workers.

Attacks on the social position of the working class are heavily promoted in the corporate media. After the widely reported demands by Australian multimillionaire Tim Gurner for "pain in the economy" to light a fire under "arrogant" workers, Newshub interviewed Milford Asset Management economist Mark Riggall to similarly declare that New Zealand's unemployment rate needs to jump to "rebalance" the labour market.

Whatever their differences, all the establishment parties are united behind the core agenda of the ruling class: to slash spending on public services, drive down living standards, and militarise the country in preparation for war. We call on readers looking for a means to oppose this agenda to take up the fight for socialism, read the Socialist Equality Group's (SEG) election statement and contact us today.



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