

New Zealand Labour Party leader feigns concern about inequality

Tom Peters
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New Zealand's opposition Labour Party leader Chris Hipkins delivered a "state of the nation" speech on March 24, in an attempt to resuscitate the party after it lost power in a landslide defeat in the October 2023 election.

The speech was an hour-long insult to the intelligence of the population. Every sentence was dripping with hypocrisy and cynicism.

Hipkins told his audience that Labour stood for a "fairer society, where everyone has the chance to get ahead, inequality is confronted head on, and faith in the role of government to do good things for everybody is restored."

He lamented the past "four decades of growing inequality and societal decay," "the aggressive drive towards individualism and dog-eat-dog competition," and "the "corporatized, dehumanized approach that has dominated the globe."

He warned of a growing "populist backlash against so-called elites" internationally. This was an allusion to escalating class struggles across Europe, the United States and elsewhere. Workers are moving to the left and seeking to fight back against brutal austerity measures and the militarisation of society, as the imperialist powers divert vast sums of money into supporting Israel's genocide in Gaza, escalating the war with Russia and preparing for war against China.

Everything will change, Hipkins assured his audience, if only Labour wins the next election: "A new approach that democratizes, empowers, and ensures that the benefits of success are shared amongst the many, not hoarded by the few, is possible."

Calling for a "debate" on the tax system, Hipkins said: "Our current economic model celebrates those who live off wealth over those who live off work." He criticised the National Party-led coalition government for giving "huge tax breaks" to property investors, "putting landlords ahead of hungry kids," calling it "a government of entrenched privilege and entitlement, a government for the few, not the many."

Hipkins expects people to simply forget that the Labour Party led coalition governments from 2017 to 2023, and that all its pledges to address poverty and inequality proved to be a complete and utter fraud. Labour's share of the vote almost halved from 50 percent in 2020 to 26.9 percent in last year's election, amid mass abstention in working class areas. Labour is now widely, and correctly, viewed as a party of big business and war, no different from the National Party.

Former Prime Minister Jacinda Ardern—who resigned suddenly

from politics at the start of 2023 handing the leadership to Hipkins—took office in 2017 declaring that capitalism was a "blatant failure" and her government would reform the system based on "kindness." Ardern even created a new position, Minister for Child Poverty Reduction, which she allocated to herself. Labour pledged to end child poverty, properly fund health and education, and build 100,000 "affordable" houses to end homelessness.

In all of these areas, the crisis became worse over the past six years.

- From 2017 to 2023 the number of children living in "material hardship"—i.e. in families unable to afford basic necessities such as fresh fruit and vegetables, doctor's visits and heating—increased by 6.4 percent from 135,000 to 143,700 (about 1 in 8 children).

- Hipkins declared in his speech: "We need health and education systems that meet the needs of our people in the 21st century." But the public health system is crumbling, with stagnant wages and a shortage of thousands of doctors, nurses and other professionals. The Labour government's criminal decision in late 2021 to abandon its previous COVID-19 elimination strategy, letting the virus rip across New Zealand, led to more than 4,000 deaths and compounded the crisis of overcrowding and delays in hospitals. Hipkins, as the COVID response minister in 2022, was in charge of removing public health measures to impose a policy of mass infection. He became known as "LetitRipkins" on social media.

- In September 2019, Labour officially scrapped its 100,000 "affordable" houses pledge. Just over 2,200 homes were produced by the KiwiBuild scheme by the end of 2023, which are being sold at market rates, well beyond the reach of low-income families. At least 2 percent of the population is either homeless or living in severely rundown or overcrowded conditions. The waiting list for public housing exploded under Labour from about 5,000 applicants to more than 25,000.

- The promise of "three years free" tertiary education was replaced with just one year of fees-free study for new students. The Ardern-Hipkins government froze funding for universities and technical institutes, which cut thousands of jobs across the country, with the assistance of the trade union bureaucracy.

- Supported by its coalition partner, the anti-immigrant NZ First Party, the Ardern government imposed numerous class-based restrictions on immigration, and oversaw a dramatic increase in vicious exploitation of migrant workers.

The Labour-led coalition—which included the Greens and, until

2020, the right-wing NZ First Party—seized on the COVID-19 pandemic as the pretext for an historic transfer of tens of billions of dollars in public funds to the corporate and financial elite. This took the form of tax breaks, bailouts and the Reserve Bank's policies of quantitative easing and ultra-low interest rates.

Last April the government revealed that New Zealand's richest 311 individuals collectively owned \$85 billion in assets—more than three times New Zealand's annual public health budget—and paid an effective tax rate of just 8.9 percent—less than half the 20 percent rate paid by someone on the average wage. The richest 5 percent of the population owns 45.5 percent of the wealth, while the poorest half of the population owns just 2 percent.

Ardern and Hipkins repeatedly ruled out even modest measures to increase tax on the super-rich. Last July, during the election campaign, Hipkins told the media: "Under a government I lead there will be no wealth or capital gains tax after the election. End of story."

It would be delusional to think that this position will change in any fundamental way. For all his rhetoric, Hipkins' latest speech merely foreshadowed a "discussion document" in which the Labour Party will "set out some of our options for future tax policy."

Hipkins called the current government's public sector layoffs and cuts to disability support and school lunches, "heartless and cruel." But Labour campaigned in the election on a platform of cutting funding across most government agencies by up to 4 percent.

Labour's austerity measures led to repeated strikes by tens of thousands of teachers, healthcare workers and other sections of the working class. These were systematically isolated and sold out by the trade unions. The Public Service Association's Duane Leo told Radio NZ on August 29 that the union accepted there had to be cuts to "tighten the belt," and it is now helping the National Party-led government to impose these cuts.

Labour, National and their allies are all committed to major increases in spending on the military, which would have to be funded by further cuts to public services. Labour's Defence Minister Andrew Little made clear last August that the country had to be prepared to join a war against China.

The Ardern-Hipkins government significantly strengthened the alliance with US imperialism; it sent New Zealand troops to Britain to assist with training Ukrainian forces to fight against Russia; and Labour supported the US militarisation of the Indo-Pacific for war with China. As a minor imperialist power, New Zealand's ruling class is determined to take its place alongside the US so it can profit from the violent redivision of the world that is currently underway.

While Labour was still in office, Hipkins also defended Israel's genocidal war against Gaza, claiming it was engaged in "self-defence." Labour MPs who have since appeared at protests to make insincere calls for a ceasefire have been repeatedly booed off the stage.

Hipkins' speech reflected broad concerns in the political establishment, and in wealthy and upper-middle class circles, that the developing opposition to war and austerity could erupt outside the control of the capitalist parties and the unions.

Labour's supporters in the media have seized on Hipkins' speech to drum up illusions that the party is moving to the left. Liberal commentator Max Rashbrooke wrote in the *Spinoff* that, despite a litany of previous failures and back-downs, "Chris Hipkins might just be the one to make a wealth tax work for Labour."

The *Daily Blog's* Martyn Bradbury enthused: "Without a doubt, this is the best speech Chris Hipkins has given in his entire political career... [His] repudiation of the 40 years of neoliberalism from the 4th Labour Government is a ground breaking admission for Labour."

Hipkins did no such thing. He hailed David Lange's 1984–1990 Labour government for its ban on nuclear weapons and energy and decriminalising homosexuality, which was the "progressive" window-dressing for a historic assault on the working class. Hipkins merely stated that he had "mixed feelings on the economic reforms of that and subsequent governments, and the four decades of growing inequality and societal decay that has followed."

Numerous Labour leaders, including Ardern, have sought to verbally distance themselves from the right-wing economic blitzkrieg carried out by the Lange government, without ever reversing its devastating pro-market measures. These included sweeping tax cuts for the rich, the corporatisation and privatisation of public services, with tens of thousands of redundancies, the removal of subsidies for agriculture, and the introduction of the regressive Goods and Services Tax and university fees.

The National Party-led government, in which the far-right ACT and the racist NZ First play a dominant role, is widely hated. But workers and young people who are looking for a way to fight against its reactionary policies must not fall into the trap being laid by Labour and its allies—including the unions, the Greens, Te Pati Mōri, and various pseudo-left groups.

The crisis created by capitalism will not be solved through reforms, which were repudiated decades ago by Labour along with other social democratic parties throughout the world. The entire parliamentary establishment shares the same agenda: to drag the country into a catastrophic world war, while attacking the living standards and basic rights of the working class at home.

The only way forward is through an international struggle, in opposition to all these parties, for the abolition of the capitalist system and its replacement with a workers' government and a socialist society. The major corporations and the banks must be nationalised and placed under the democratic control of the working class. The billions of dollars squandered on war, and hoarded by the super-rich, must be redirected to build schools, hospitals, housing, and to meet all the needs of the working class.

We urge those who agree to contact and apply to join the Socialist Equality Group, the New Zealand supporters of the International Committee of the Fourth International.



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