

New Zealand PM promises deeper austerity and military build-up

Tom Peters**20 January 2026**

In his “State of the Nation” speech on January 19, New Zealand Prime Minister Christopher Luxon delivered a clear message to the ruling class: His National Party-led coalition government will maintain its brutal assault on working-class living standards while accelerating the country’s integration into US-led war preparations against China.

Speaking to the Auckland Business Chamber ahead of an election later this year, Luxon offered no relief to the hundreds of thousands of New Zealanders suffering from unemployment, poverty, and collapsing public services. Instead, he promised “tight budgets in the coming years,” i.e. deeper cuts, aimed at restoring the government’s budget to surplus by 2028.

He highlighted \$11 billion in fiscal “savings” per annum since the National-led coalition was formed two years ago, boasting that this was “equivalent to \$5,000 for every single household in the country.” This money has been diverted from public healthcare, welfare payments, housing programs, education and other basic services, in order to fund multi-billion dollar tax cuts for the rich and to transfer billions of dollars to the armed forces.

Luxon claimed that there was “real cause for optimism” and New Zealanders would soon see “more jobs, higher incomes, and the best possible shot at a better life.”

There is nothing to support such statements. In fact, the government is systematically driving down wages. Last October, more than 100,000 teachers, nurses, doctors and other healthcare workers held a nationwide strike after rejecting pay cuts demanded by the government.

Across the entire economy, wages increased just 2.1 percent in the year to September, well below the 3 percent inflation rate. The government has announced a

mere 2 percent increase in the minimum wage this year, meaning thousands of the lowest-paid workers will get even poorer.

More savage cuts are being prepared. Luxon told journalists that the National Party would campaign in the election to lift the retirement age from 65 to 67, taking billions from workers’ pension entitlements.

Meanwhile the government is seeking to double military spending by 2032, from 1 to 2 percent of GDP, and to dramatically boost recruitment.

Luxon bemoaned “decades of under-investment” in the Defence Force and declared that “in a more dangerous world, it would be reckless to continue that trend and keep banking the dividends of peace.” He pointed to “a pattern of countries respecting international law only when it suits them and ignoring the rules when it does not,” adding, “In the Indo-Pacific, there’s a rising risk of a dangerous miscalculation.”

The blatant hypocrisy of such statements was highlighted in a subsequent press conference, where Luxon refused to criticise the imperialist lawlessness unleashed by the US, New Zealand’s most important military and intelligence ally.

Asked to state his position on the US attack on Venezuela and abduction of President Nicolás Maduro—an operation which killed more than 80 people—Luxon replied that the Maduro government was “illegitimate.” Echoing a previous statement by Foreign Minister Winston Peters, Luxon ludicrously declared that the capture of Maduro provided “an opportunity for the Venezuelan people to experience democracy.” This, after President Trump openly said that he will “run” Venezuela and US companies will take its oil.

Pressed on whether he thought “the US actions were appropriate,” Luxon said dismissively that it was “up to

the US to demonstrate that they were compliant with international law.”

As a minor imperialist power, New Zealand’s ruling class depends on US backing to maintain its own domination over impoverished Pacific countries, including the Cook Islands, Tonga and Samoa. Wellington and Canberra have the same attitude to the Pacific region as Washington has toward Latin America: they assert the right to intervene militarily and to control these countries in a colonial manner.

The New Zealand PM expressed some nervousness about Trump’s threats to impose tariffs on European countries which oppose his demand for “complete and total control over Greenland.”

“Tariffs are not the way forward,” Luxon declared. He added that Greenland was “a sovereign state” and that its people “want to be part of the kingdom of Denmark.” But he refused to actually condemn Washington, calling instead for “discussion and debate” between the US and Europe to address “security concerns in the Arctic.”

Under successive Labour and National Party governments, New Zealand has built strong military ties with NATO. About 100 NZ troops are in Britain helping to train Ukrainian conscripts for the escalating US-NATO war against Russia. The NZ ruling class is concerned that a rift in the NATO alliance could force it to choose between the US and the European powers.

The US attack on Venezuela, threats to annex Greenland, threats to bomb Iran again, the ongoing US-Israeli genocide in Gaza and the war against Russia are all interconnected. They are different fronts in a developing third world war, aimed at establishing US imperialist control over the world’s resources and markets at the expense of its rivals, especially China.

Plans for a direct military attack on China are far-advanced, with Australia, Japan and New Zealand all playing key roles as US regional allies. These governments justify the vast military build-up in the Indo-Pacific with propaganda denouncing China’s supposed “expansionism” and refusal to adhere to the “rules-based order.” At the same time, they support the Trump administration’s global rampage and remain silent about its efforts to establish a fascist police-state regime in the US.

In response to Luxon’s speech, opposition Labour Party leader Chris Hipkins told Radio NZ that the

prime minister was “living in a parallel reality where the economy is getting better, when for most New Zealanders things are getting harder.”

The 2017–2023 Labour government, however, presided over increased homelessness and child poverty, and soaring living costs. Labour’s support collapsed in the 2023 election after it campaigned with promises to cut public services and boost military spending—the same basic agenda as the National Party and its far-right coalition partners, ACT and New Zealand First.

Hipkins criticised the US takeover of Venezuela in relatively mild terms, telling journalists that it was “clearly contrary to international law” and was “a very, very big step for the United States to take.” Labour remains committed to the alliance with US imperialism and supports the doubling of military spending. The last Labour-led government—which included the Greens—repeatedly stated that Russia and China were the major “threats” facing the world and supported US-led actions against them.

The fight against war and austerity can only proceed in opposition to all the capitalist parties, including Labour and its allies. It must be based on a socialist and internationalist program to expropriate the billionaires, establish a workers’ government, place major industries under democratic control and put an end to military spending. This is the program that must be taken up by the working class in 2026, in preparation for the revolutionary struggles ahead.



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