

War on Iran deepens social crisis in New Zealand

Tom Peters
30 March 2026

The criminal war being waged by the US and Israel against Iran is rapidly exacerbating the economic and social crisis in New Zealand. Transport, food and other costs are set to rise sharply as fuel prices soar, and economists are warning of a recession.

The average petrol price has risen about 40 percent in four weeks to \$3.42 a litre yesterday, with Westpac bank predicting it will pass \$3.70 by the end of the week. Diesel prices have nearly doubled to about \$3.43 a litre, according to the website Gaspoly.

The National Party-led coalition government has made clear that workers, already squeezed between high living costs and falling real wages, must endure a further cut to their living standards. It has responded to the fuel crisis by announcing a grossly inadequate \$50-a-week temporary subsidy for a small number of families.

Nervous about the election approaching in November, the government is trying to distance itself from the assault on Iran. Finance Minister Nicola Willis told Radio NZ (RNZ) on March 20 that it was “not New Zealand’s war, it is not something that we support, but it is having a profound impact on our country.”

This contradicted Prime Minister Christopher Luxon and Foreign Minister Peters’ statement on March 1, which repeated US and Israeli propaganda that the war is “to prevent Iran from continuing to threaten international peace and security.” On March 21, Luxon signed a statement with leaders from 19 other countries including Britain, France and Germany, condemning Iran’s closure of the Strait of Hormuz and expressing their “readiness to contribute to appropriate efforts to ensure safe passage through the Strait.”

Peters told reporters on March 25 that the government had “absolutely no intention of joining” the war, but it has clearly left the door open to doing so. New Zealand

military personnel were deployed to the Middle East in 2024 to assist in the US-led bombing of Yemen, in order to keep shipping lanes open for Israel as it carried out the genocide in Gaza.

Meanwhile, the economic impact of the war will be borne by workers who have already endured many years of wage cuts and austerity.

Last year the country’s economy grew by just 1.3 percent. Kiwibank chief economist Jarrod Kerr told RNZ on March 20 that disruption to fuel supply “will definitely increase the risk” of yet another recession, on top of recessions during 2023 and 2024, and a near-recession in 2025.

With no oil refinery, New Zealand relies on shipments of fuel from Singapore and South Korea, both of which are impacted by the blocking of the Strait of Hormuz. NZ’s fertiliser imports, 22 percent of which come from the Persian Gulf region, are also disrupted.

On March 24 the government announced that 143,000 low-income families with children will receive a “relief” payment of just \$50 a week. This will reach about 7 percent of households and excludes some of the poorest members of society: unemployed people, disabled people, pensioners, students, and everyone without children.

The payment—which equates to just \$12.50 per person in a family of four—is temporary and will stop after either one year, or when fuel prices stay below \$3 a litre for four weeks.

“Good government means looking after your people,” declared Luxon. This meant giving support “to help people when times are tough” while keeping government debt down. He said it was a “hard reality that we cannot alleviate the pressure of rising fuel costs for everyone.”

The people the government is “looking after” are rich investors and corporations. In last year’s budget it delivered a \$1.7 billion annual tax cut package for businesses, and in 2024 it cut taxes for landlords by \$725 million. By contrast, it is allocating a maximum of \$373 million for the temporary \$50 payments.

This will do nothing to help workers, whose wages are already going backwards. According to Statistics NZ, in 2025 wages went up 2.0 percent on average, well below the 3.1 percent inflation rate. Food prices increased 4.5 percent in the 12 months to February.

The New Zealand Hunger Monitor, a survey of 3,000 people late last year, found that 18 percent of households were experiencing “severe food insecurity.”

Unemployment has reached 5.4 percent and will certainly go higher. Major food processing companies Watties and McCain recently announced factory closures with hundreds of job losses.

The government has outlined a framework for potential rationing of fuel, while telling the public it wants to avoid such measures and that for now, in Luxon’s words, “it’s business as usual.” Energy transition consultant Nathan Surendran told RNZ on March 30, however, that there were already reports of people queuing for petrol. He said, “A massive amount of energy has disappeared from the global economy, and it is very, very likely we will have some form of rationing at some point.”

According to JP Morgan, most shipments of oil from the Gulf destined for New Zealand will cease on April 20.

The fuel crisis will heighten class tensions, which are already pronounced. Last October, over 100,000 teachers and healthcare workers held New Zealand’s biggest strike since 1979 against government austerity and pay cuts.

In a sign of things to come, a group of residents on Waiheke Island, near Auckland, protested last week against high fuel costs, demanding free public transport.

The opposition Labour Party and its allies have no real alternative. Labour leader Chris Hipkins said the \$50 subsidy was “a start, but there are still far too many who need support.” His statement vaguely called for “additional relief” but made no concrete proposals.

The last Labour-led government, which included the Greens, oversaw rising homelessness and child poverty,

while the super-rich benefited from ultra-low interest rates, state subsidies and the property bubble. Labour lost the 2023 election by a landslide.

While Labour and the Greens criticised the attack on Iran, they support NZ’s alliance with US imperialism, which has launched a third world war in a desperate bid to reverse its economic decline. Labour supports plans to double the NZ military budget and integrate the country into US war preparations against China, which is being paid for by starving public services.

The trade unions, meanwhile, have refused to lift a finger to oppose the ongoing Gaza genocide and the wars against Iran and Lebanon, while suppressing opposition to pay cuts.

To fight back against corporate and government attacks, workers need to build new organisations—rank-and-file committees—to take matters into their own hands and break the stranglehold of the union bureaucracy. Above all, workers in NZ must be guided by a socialist perspective, and link their struggles with those of workers internationally to put an end to capitalism and reorganise society on the basis of social need, not corporate profit and imperialist plunder.



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