New Zealand government in turmoil after failed leadership challenge

Tom Peters
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Less than three months before the New Zealand election, the National Party, the biggest party in the coalition government, was thrown into turmoil this week by a leadership challenge against Prime Minister Christopher Luxon.

Luxon called an urgent caucus meeting on August 12 after media reports that an inner-party coup was being prepared. An unnamed MP told the *New Zealand Herald* two days earlier that "there's going to be change" of leadership and "it's just a question of who is going to be it."

After a three-and-a-half-hour meeting of MPs, Luxon told journalists at parliament that he had survived a confidence vote. "I have the full support of our caucus, and our caucus is united and it is determined to win this election," he said, without revealing the breakdown of the vote.

The claim of unity was patently false. A few hours later Luxon sacked Defence Minister Chris Penk for launching the leadership challenge, saying his role had become "untenable." According to numerous media reports, Penk was chosen as a "fall guy" after other senior MPs plotted to remove Luxon but could not agree among themselves on who should replace him.

Penk has not explained his reasons or who he was working with. Education Minister Erica Stanford and Housing Minister Chris Bishop, who were named by the *Herald* as "front runners" to replace Luxon, have publicly denied any involvement.

The prime minister's position remains extremely precarious. He reportedly survived a previous confidence vote in April by a margin of just 27 to 22 votes. A third leadership challenge cannot be ruled out.

The National Party is in a serious crisis; it is heading into the election campaign with around 29 percent support in recent polls. National only scraped into power following the October 2023 election by forming a coalition with the far-right New Zealand First and ACT Parties. It benefited from a collapse in support for the previous Labour Party government, which had presided over increasing homelessness, plummeting real wages and rising child poverty.

If the right-wing coalition does not return to office, it would be the first one-term government since the 1970s.

Underlying the National Party's turmoil and collapse in support is the shift by the entire political establishment further and further to the right. The coalition government is imposing brutal austerity measures, including cuts to education, healthcare, social welfare and housing programs. It is diverting billions of dollars to the military in order to integrate the country into US-led wars and war preparations, especially against China.

The government's agenda is increasingly being shaped by the widely-despised ACT and NZ First, whose leader Winston Peters is also the foreign minister and has repeatedly undermined Luxon's authority.

Last month Peters unleashed a tirade against a Chinese-born Green Party MP, telling him to "go back to your own country." The Chinese embassy lodged a formal complaint. Luxon admitted that Peters' comments were racist but declared that he retained confidence in the foreign minister. Sacking Peters would certainly have broken up the coalition and brought on an early election.

According to the *Herald*, the attempt to remove Luxon was triggered in part by his statement during a radio interview on August 6 that he wanted a referendum on the country's Mixed Member Proportional (MMP) voting system. He implied that the system, adopted in 1993, had undermined "strong and stable government" by favouring coalitions, adding: "I don't need some yahoo or numpty from some other party" sitting around the cabinet table.

Peters denounced the referendum idea as "a power grab," writing on social media: "Now that the two old parties are losing their grip on power, they want to change the electoral system to favour their falling fortunes."

A fundamental source of instability is the differences within the coalition over how openly the government should align against China, which is New Zealand's most important trading partner.

Successive Labour and National-led governments have identified China and Russia as strategic "threats" and participated in the US-led militarisation of the Indo-Pacific region and provocative exercises aimed against China.

The Luxon government has backed the US attack on Venezuela, the war against Iran, and the ongoing US-Israeli genocide with Gaza. It actively supports the US-NATO war against Russia over Ukraine.

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With NZ First's Peters playing a central role, the government has also pushed back aggressively against Chinese influence in the Pacific. Last year, Wellington temporarily cut aid to the Cook Islands in retaliation for the territory's commercial agreements with China.

At the same time, Luxon remains cautious in his rhetoric and clearly wants to avoid damaging trade relations with Beijing, particularly as the global economic crisis intensifies due to the war against Iran. The repeated anti-Chinese provocations by NZ First threaten to completely destabilise the government's tightrope act.

Tensions over China within the National Party itself have been a major factor in previous leadership changes. In 2018, while the party was in opposition, leader Simon Bridges faced an internal destabilisation campaign after he accepted significant donations from a Chinese businessman.

Bridges was replaced by Todd Muller as leader in May 2020. Muller lasted only 53 days before announcing his resignation; he had argued for increased trade with China and also defended Chinese-born National Party MP Jian Yang, who resigned following unsubstantiated claims that he was a Chinese spy.

Luxon was elevated to the leadership in 2021, replacing Judith Collins, who had maintained the precarious balancing act between the US and China. Luxon, a former chief executive of Air New Zealand, has taken a similar stance.

The involvement of Defence Minister Penk in this week's coup attempt may well indicate that some National MPs want a more explicit alignment against China. Penk was also the minister in charge of New Zealand's spy agencies, which work in close partnership with their US counterparts in the Five Eyes alliance, and which regularly issue statements accusing China of spying on New Zealand.

In May, Penk told the Shangri-La Dialogue security forum in Singapore that New Zealand should have a "conversation" about changing its anti-nuclear policy to allow nuclear-powered vessels to enter the country's waters. Australia is seeking to acquire nuclear-powered attack submarines through the AUKUS pact, which is part of the transformation of Australia into a frontline base of operations for war against China. Luxon was forced to contradict Penk, declaring that no policy change was being considered.

Media pundits pushing for intensified militarism and deeper austerity have denounced the failure of the National Party leadership coup. Most notably, the *Post's* right-wing editor Matthew Hooton told *Three News* it was "shameful" that National MPs could not unite behind one person to replace Luxon, and called on the prime minister to resign.

Yesterday's *Post* editorial described National as "a circus controlled by clowns" and said the government "has completely failed on all the most important National Party metrics—productivity, economic growth, inflation, unemployment and debt." In other words, the government must make deeper spending cuts to essential public services and do more to boost profits by driving down workers' real wages.

Hooton has previously called for New Zealand troops to be deployed to the Cook Islands to assert colonial domination and stave off China's influence. He also supports the reintroduction of compulsory military training as a means to address unemployment—a policy that has been suggested by NZ First.

Opposition Labour Party leader Chris Hipkins, meanwhile, told a media conference on August 12 that the National Party was in "no fit state to provide the sort of leadership the country needs." He said the government should be focused on "tackling the cost of living," boosting jobs and "fixing the crisis in our health system."

All of this is thoroughly hypocritical. Labour lost the 2023 election in a landslide amid soaring living costs, a housing crisis, and a public health disaster, after it imposed austerity measures and ended efforts to stop the spread of COVID-19.

Labour agrees with National on the need to double military spending and greatly expand recruitment. The last Labour government strengthened ties with the US, deployed troops to Britain to train Ukrainian conscripts to fight Russia, and explicitly stated that New Zealand had to prepare for a possible war in the South China Sea, i.e. against China. In the lead-up to the election, Hipkins defended Israel's genocidal bombardment of Gaza.

While Hipkins recently ruled out working with NZ First, the Labour Party and the Greens formed a coalition with the far-right, racist party between 2017 and 2020, and Winston Peters was made the foreign minister.

The next government, whoever leads it, will continue to ramp up the exploitation of the working class and accelerate the militarisation of the country. The working class can only fight back politically by building its own party, based on a socialist and internationalist program.

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