New Zealand jobs crisis demands a socialist solution

Tom Petterson, SEG candidate for Hutt South
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With less than a week until New Zealand's November 7 general election, mass unemployment and the destruction of secure jobs are among the most acute expressions of the social crisis confronting the working class.

The Socialist Equality Group (SEG) rejects the premise shared by National, Labour and every other big-business party contesting the election: that working people must pay for the crisis of the profit system.

The SEG is intervening in this election—with Tom Petterson standing in Hutt South—to win workers and young people to a socialist and internationalist program. Defending jobs, wages and social services requires a political break from Labour, the Greens and the trade union bureaucracy, the building of rank-and-file committees in every workplace and community. There must be a conscious and organised fight to overthrow the capitalist system that is responsible for the deepening social crisis.

Official unemployment has reached 5.6 percent, the highest level in almost 11 years. Some 171,000 people are unemployed, 154,000 are underemployed and another 115,000 want work but are not officially counted as unemployed. Altogether, 440,000 people—13.8 percent of the extended labour force—want work or more work and cannot get it.

The crisis falls most heavily on the most oppressed and younger workers. Unemployment is 10.8 percent among M?ori and 11.6 percent among Pacific Islanders, while 37 percent of 15- to 24-year-olds in the labour force are underutilised.

The jobs crisis is not the outcome of an inexplicable economic malfunction. Mass unemployment is the product of deliberate policies pursued by successive Labour and National governments.

National's answer is to further discipline the unemployed, including through random drug testing and slashing benefit payments for the long-term jobless. This is a program of state-sponsored humiliation directed at the victims of a crisis they did not create. The premise is that 440,000 people lack the will to work, rather than that capitalism cannot provide them jobs.

Labour has no fundamental disagreement with this program. It has made clear it will not reverse attacks already carried out by National, including the destruction of public sector jobs and the move to disqualify most 18- and 19-year-olds from unemployment payments.

Labour is presenting the destruction of jobs as solely the responsibility of Luxon's government. The party's "Start Work Now" policy promises school repairs, hospital maintenance and more state housing, but gives no indication how many jobs would be created and provides no new funding. It merely reshuffles spending within the incumbent government's austerity framework.

The trade union bureaucracy is advancing the same fraud. The New Zealand Council of Trade Unions' (NZCTU) election campaign declares "Don't risk 6 years of Luxon" and points to the 48,000 increase in unemployment since 2023 as an argument for changing the government.

This deliberately whitewashes Labour's record.

When inflation hit 7.3 percent in 2022, the highest in three decades, Jacinda Ardern's Labour government told workers not to expect pay rises to match. By the end of Labour's term in 2023, average real earnings were no higher than in 2020, and public sector workers, whose wages Labour directly suppressed, were 2.8 percent worse off.

More fundamentally, Labour, no less than National, accepts the domination of economic life by private profit and the dictates of the financial markets.

The Labour government of Prime Minister David Lange and Finance Minister Roger Douglas in the 1980s implemented in New Zealand the same reactionary program imposed by Reagan in the US and Thatcher in

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the UK. In line with the demands of global capital, Labour privatised industries, removed subsidies and sacked tens of thousands of workers—producing the social disaster of mass unemployment and social inequality that continues to this day.

The trade unions, then and now, are the indispensable accomplices in this operation. While the NZCTU points to rising unemployment to campaign for Labour, the unions have blocked any unified struggle against the destruction of jobs, wages and conditions.

The Public Service Association answered the plan announced in May to eliminate 8,700 public sector jobs by 2029 with a weekend rally and limited, half-day strikes over pay on September 9, which it turned into an election platform for Labour and the Greens.

This is the function of the union bureaucracies: to suppress the class struggle and channel working-class anger back into the dead end of parliamentary politics.

The Greens' $4.86 billion "youth guarantee" is a glorified work-for-the-dole scheme. It promises to "connect" unemployed 16–24-year-olds with work, education or training—but it cannot conjure up jobs that the profit system does not create. The reality is that this scheme will never see the light of day. It is to exploit the anger of young people, even as the party prepares to enter a coalition with Labour and administer the same austerity it now denounces.

In NZ, as is the case globally, the ruling class is demanding that workers accept unemployment, falling wages and the gutting of health and education to pay for war. A third world war is already unfolding with the US-NATO war against Russia in Ukraine, the genocide in Gaza, the expanding war against Iran, and the militarisation of the Pacific in preparation for war against China.

Luxon made the connection between war and unemployment explicit on September 23, saying in parliament: "I'd just say to any 18- or 19-year-old out there that we need 2,500 [more] people in our defence forces." Unemployment, along with benefit cuts, is being used to dragoon working-class youth into war against their class brothers and sisters around the world.

The same crisis is drawing workers and youth into struggle on a global scale. In France, more than half a million people marched on October 17, as protests over fuel prices joined high school students who have blockaded their schools for a month. Mass protests against austerity and war are taking place across Europe, Asia and the Americas, while workers everywhere are striking in record numbers.

New Zealand workers are part of this movement, not spectators to it. Last October, more than 100,000 teachers and healthcare workers took part in the country's biggest strike in nearly 50 years—but this struggle was strangled by the union bureaucracy, which refused to call further strikes and pushed through below-inflation pay deals. The issue is not a lack of determination on the part of workers, but the fact that they are trapped behind a leadership whose role is to enforce the dictates of capitalism.

The SEG demands a full-time, permanent job on decent wages for all who want one, a living income for those who cannot work, an immediate 20 percent pay rise, and the reversal of every cut to health, education and welfare. These demands collide directly with the profit system and raise the question of which class holds power.

The fight against unemployment, against austerity and against war is one and the same fight, and it can only be won by workers uniting across national borders, in a struggle for socialism against all the parties of capital. The banks and major corporations must be placed under public ownership and democratic workers' control, and society's resources organised on the basis of human need rather than private profit.

This is the program the Socialist Equality Group is advancing in the November 7 election. We urge workers and young people who agree with this perspective to support our campaign, vote for Tom Petterson in Hutt South, and, above all, make the decision to join the SEG and build the socialist movement.

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